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ABSTRACT

A multinational, multidisciplinary team examined the impact of globalization on education, training, and small and medium sized enterprise development in Ghana, Kenya, and South Africa. The study focused on the following issues: developing a learner-led competitiveness approach; building learning enterprises; education for microenterprises and macroeconomic growth; and training for self-employment and competitiveness. The study documented the importance of learning-led competitiveness and identified obstacles to development of learning enterprises in all three countries. The following are among the 12 recommendations offered to national governments and international agencies with development concerns: (1) insert learning-led competitiveness into development debates; (2) understand the implications of globalization better; (3) address the range of barriers to development of learning enterprises; (4) consider interenterprise linkages and the role of learning therein; (5) place learning-led competitiveness at the heart of small enterprise development policy; (6) broaden the universal primary education vision; (7) construct a curriculum for competitiveness; (8) improve public training's ability to support competitive self-employment; (9) empower training providers to be more market responsive; and (10) emphasize skills transfer from large to small firms. (The bibliography lists 139

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references. Brief profiles and addresses of the research team members and a list of project papers are appended.) (MN)

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LEARNING TO COMPETE: EDUCATION, TRAINING & ENTERPRISE IN GHANA, KENYA & SOUTH AFRICA

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Dela Afenyadu, Kenneth King, Simon McGrath,
Henry Oketch, Christian Rogerson, Kobus Visser

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The numbers of academics, policymakers, practitioners, artisans and students that our work draws upon in the three case study countries defy the naming of individuals. However, we would wish to note the importance for our work of the following agencies: in Ghana, the Ghana Education Service, the National Coordinating Committee for Vocational Education and Training and the National Board for Small Scale Industry; in Kenya, the Ministry of Education, the Ministry for Research, Technical Training and Technology and the Ministry for National Planning and Development; in South Africa, the Department of Education, the Department of Labour, the Department of Trade and Industry, the Gauteng Department of Education, the Western Cape Education Department, the South African Qualifications Authority, the National Skills Authority, the Ntsika Enterprise Promotion Agency, the Human Sciences Research Council and the Committee of Technical College Principals. We would also like to acknowledge the ways in which the British Council-supported link between the University of Edinburgh and the University of the Western Cape facilitated our work and allowed extensive discussions with South African colleagues.

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LEARNING TO COMPETE

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PREFACE

Kenneth King

LEARNING TO COMPETE has been a genuinely cross-sectoral research project since its design stage in late 1995 and early 1996 - with important inputs from DFID's Education Department and the Enterprise Development Group. At every stage of the project there has been a genuine partnership between enterprise and education colleagues. Thus, both sectors were present at its conception, and at its launch; and at its mid term international conference, both supported key analysts on Enterprise-and-Education in Africa to attend. The Project Advisory Meetings were chaired by John Grierson, who has been known for his work on Small Enterprise Development.

With the advent of the new government and the 1997 White Paper on International Development, there was an opportunity to look both at education and enterprise through the new lens of poverty and growth. In the fieldwork too, there was considerable interest and encouragement from those DFID staff concerned with education and small enterprise, and this was particularly evident in all the three project countries, South Africa, Kenya and Ghana. The dissemination phase both in the UK and in Africa is being planned jointly with Education and Enterprise Advisors.

But this is not an artificial partnership. At a time when there has never been a stronger donor focus on the primary school sub-sector, it has become important to think about the relationship between basic education and the development of basic skills. And at a time when the decade of concentration on Education for All is complete, there are now important questions to be asked about the essential skills that all young people will need for employment and for self-employment. What kind of training and education are people receiving that may assist them in this fast globalising world?

As far as the dissemination of this research to wider policy audiences is concerned, the Edinburgh team has played a key role in the Working Group for International Cooperation in Skills Development, and in its discussion papers (see bibliography). And at the mid-term point of the research, the Project was supported by the Centre of African Studies and by DFID and the Foreign Office to put on a critical policy analysis conference on "Enterprise in Africa: between Poverty and Growth" (King & McGrath 1999).

This present volume will be a key element in a series of dissemination events that have already been planned in Ghana, Kenya, South Africa and the UK, apart from, we hope, making a contribution independently to policy makers and academics in Africa and elsewhere.

As it has been a team effort from the start, it is entirely appropriate that the authorship of this Report reflect three years of intensive partnership.

Kenneth King, Director, Learning to Compete Project & Director, Centre of African Studies, University of Edinburgh

ACRONYMS

CDF	Comprehensive Development Framework
CFC	Chloro-fluoro-carbons
CIBA	Council of Indigenous Business Associations
DAC	Development Assistance Committee (of the OECD)
DFID	Department for International Development
fCUBE	Free and Compulsory Universal Basic Education
FET	Further Education and Training
GEAR	Growth Employment and Redistribution
GNAG	Ghana National Association of Garages
HDI	Human Development Index
IDT	International Development Target
ILO	International Labour Office
ISA	Informal Sector Association
ITTU	Intermediate Technology Training Unit
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KNFJKA	Kenya National Federation of Jua Kali Associations
LEC	Local Enterprise Centre
MNDP	Ministry of National Development Planning
NACVET	National Coordinating Committee for Vocational and Technical Education and Training
NCFE	National Committee for Further Education
NGO	Non Governmental Organisation
NQF	National Qualifications Framework
NVTI	National Vocational Training Institute
OECD	Organisation for Economic Cooperation and Development
RDP	Reconstruction and Development Programme
SBC	Small Business Centre
SDSR	Skills Development for Self-Reliance
SME	Small and Micro Enterprise
SMME	Small Medium and Micro Enterprise
TIQET	Totally Integrated Quality Education and Training
TTI	Technical Training Institute
UNDP	United Nations Development Programme
UPE	Universal Primary Education
VAT	Value Added Tax
VTI	Vocational Training Institute

EXECUTIVE SUMMARY

0.1. LEARNING TO COMPETE: RESPONSES TO GLOBALISATION FROM AFRICA

Africa is faced with a massive challenge to its successful economic and social development. Through the 1980s, most countries on the continent saw their performance on economic and social indicators decline. Whilst some improvement was seen in the 1990s, it is far from clear that the corner has been turned. Moreover, the late 1990s raised the importance of new imperatives that much of the continent seems ill prepared to face: globalisation and pro-poor growth.

The "Learning to Compete" project has sought to engage with this situation, through the collection of data in Ghana, Kenya and South Africa by a multi-national and multi-disciplinary team. This final report focuses on the challenges and the opportunities for these African countries, and, by extension, many of their neighbours[1], to respond to external pressures and for their peoples to enjoy improved livelihoods. These require a much greater focus than hitherto on the learning of individuals, enterprises, institutions and nations in order for development to have a good chance of success.

It is important to stress the connected nature of three sectors: education, training and small enterprise development. This leads to a focus on the notion of "learning-led competitiveness", as a way of stressing this connectedness. The notion of "learning-led competitiveness" is concerned with the impact of facets of globalisation on the struggle for international competitiveness and sustainable livelihoods. The report takes the view that globalisation is a major challenge, as well as a potential opportunity. Whilst countries in Africa often seems ill-placed to compete successfully, if globalisation is not addressed this will result in the region falling even further behind other regions in accessing global markets.

Globalisation pressures increase the priority for enterprises in Africa of developing strategies that can maximise their competitiveness. Globalisation also reshapes the nature of competitiveness strategies. In particular, it heightens the importance to enterprises of capturing the benefits of institutional and individual learning. Whilst education and training do not determine enterprise success, it is clear that they can play an important role in such success.

The report seeks to explore how such a focus shapes our current understanding of the possibilities for enterprise development. Given the arguments in favour of the relative efficiency of smaller enterprises, and the preponderance of such enterprises in most African contexts, the principal focus will be on small and micro enterprises (SMEs). This focus, however, cannot be totally divorced from a consideration of the health of larger enterprises. Indeed, relationships among enterprises of different sizes are an important element of a learning-led competitiveness approach.

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[1] Given the nearness of North Africa to Europe and its better integration into global systems, Africa here will be used as shorthand for the Sub-Saharan region.

A focus on learning-led competitiveness allows new questions to be raised about the performance of education and training institutions and systems. The report examines evidence about education and training performance in this new light and raises a series of important questions for future developments.

0.2. SUPRA-SECTORALITY

Although we examine learning-led competitiveness through its impacts on the three sectors mentioned above, there is a concern throughout to stress the importance of connections among them and of overall policy coherence. The argument is that policy and practices in the three sectors increasingly do converge around common themes and that this must be systematically acknowledged and acted upon. Moreover, the report frequently highlights the necessity of locating sectoral policies and programmes within the context of what is happening in other sectors and in overall development planning and policy. This highlights a major capacity challenge for both African governments and international development agencies.

0.3. TOWARDS THE LEARNING ENTERPRISE

Successful SMEs can be found in all three project countries that demonstrate learning-led competitiveness strategies. In each country, new, more dynamic niches are being exploited, such as in fashion and design in Ghana, machine tool manufacture in Kenya and West African clothing in South Africa. In several cases, new processes and technologies can be seen in action. A number of SMEs in each country are engaged in exporting and in supplying products and services to large manufacturers and retailers.

However, it is not easy to be a learning enterprise. There are significant obstacles that make it hard for enterprises to adopt learning-led competitiveness strategies or limit the benefits that arise from such strategies.

Development policies, including structural adjustment, have been less successful than intended both in stimulating macroeconomic conditions and in directly assisting SMEs. Indeed, there is some evidence that economic policies and trends have made it harder for dynamic SMEs to flourish. Crucially for our perspective, this includes tendencies towards market saturation and customer price sensitivity. The ability to develop and maintain niches that support sustainable livelihoods is constrained by such pressures.

High levels of corruption and low levels of trust also undermine enterprises' ability to grow and, crucially, to network. This undermines learning-led competitiveness by weakening enterprises' ability to acquire new information, skills and technology and reducing their responsiveness to new trends. Equally, the widespread inadequacies of infrastructure faced by producers and the problem of insufficient capital are constraints on enterprise responsiveness.

These factors may prevent entrepreneurs from becoming more competitive even where they have adopted appropriate learning strategies.

Moreover, the report notes that many entrepreneurs are far from following learning-led competitiveness strategies and, indeed, are not driven by entrepreneurial goals. Rather, such individuals see their SMEs as having the primary function of providing income that can then be invested in other household activities and strategies such as education for children and land acquisition. This non-entrepreneurial outlook is doubly significant. It reduces the likely profitability and growth of enterprises and, if not taken into account, can lead to reduced effectiveness of interventions.

All these obstacles to learning-led competitiveness must be taken into consideration by those planning interventions. Enterprises often need to be helped to learn and the current focus on enabling environments could usefully encompass a new concern with enabling learning environments for small and micro enterprises.

0.4. COOPERATION FOR COMPETITIVENESS

Whilst the primary focus of the report is on competitiveness, it is important to note that cooperation is increasingly used as an important strategy to aid competitiveness.

The role of cooperative relationships in promoting learning-led competitiveness is considered. Such relationships come in many forms but, where functioning correctly, they all serve to enhance individual enterprise competitiveness and efficiency. Such relationships occur both vertically, between different sized enterprises, and horizontally, across comparably sized enterprises, and across the public - private divide. They are clearly advantageous to a learning-led approach to competitiveness as they have, at their core, processes such as information sharing and skills transfer. Nonetheless, the report argues that the focus on cooperative relationships has not yet sufficiently emphasised the role of learning and recommends that action be taken to address this absence.

It is important to highlight the role that informal sector associations are playing in strengthening inter-firm relationships and providing services to their members. Whilst many such associations are still weak, they appear to have considerable potential to coordinate competitive responses to new economic, political and technological challenges. In some cases, they have already become involved in the development of training programmes and other interventions to this end. However, it is equally important to note the fragility of such associations and the need for extreme caution in intervention. There is also considerable international variation in the significance of such associations. They appear to be stronger in West Africa than East, and East than Southern Africa.

It is essential that caution be exercised when seeking to interact with such associations. Nonetheless, they are sufficiently important to SME development that exploration should be made of possible modalities for their better integration into official development strategies, both for the SME sector and beyond.

0.5. SMALL AND MICRO ENTERPRISE POLICY AND LEARNING-LED COMPETITIVENESS

There is growing attention in the policy arena regarding SME development, and policy in this sector continues to evolve. However, it is worth noting the frequent weakness of such policy, both in regard to its recognition of global challenges and its grounding in local realities and possibilities. In addition, there continues to be scepticism on the part of many entrepreneurs regarding the commitment of the state to enterprise development.

SME policy has at its core a focus on enabling environments (particularly concerning regulatory frameworks), microcredit and, recently, business development services. These trends are reflected in each of the project countries. Policies for small enterprise development are also becoming better integrated with economic development policies more generally. Each of these areas will continue to require attention. However, the report argues that globalisation challenges highlight the need to focus policy more deliberately on the promotion of competitiveness. It suggests that the core of such a focus should include a new consideration of how learning can contribute to enterprise competitiveness and growth.

0.6. AN INCREASED COMPETITIVENESS FOCUS FOR EDUCATION

Education is an important factor in enterprise success, but is not a sufficient condition for such success. There is not enough evidence to justify the assumption that a basic education alone will have a significant impact on individual productivity and enterprise performance. Higher levels of education will often be necessary. Moreover, market conditions will need to be such that educational impacts can accrue to enterprises. A virtuous cycle needs to be encouraged that can allow more education to feed into better enterprise competitiveness, which in turn can encourage higher levels of education to take advantage of new technological niches.

These conclusions imply that the current commitment to universal primary education (UPE) by 2015 should be seen more strongly as part of a complete education sector strategy and of an overall development vision. UPE should also be informed more explicitly by considerations of the broader economic, as well as individual, consequences of education. The report suggests that such a focus can complement the UPE drive by promoting a better focus on relevance and thus raising perceptions of educational quality.

The education systems studied here are currently facing major resource constraints, a phenomenon experienced even in relatively wealthy South Africa. Moreover, the performance of these, and other, African education systems is inadequate in terms of attendance, quality and relevance. This has led to a growing focus, encouraged largely by donors, on a lean curriculum, concentrating on a handful of key subjects: mathematics, science and important national and international languages.

Nonetheless, it is imperative that globalisation's implications for education and development should form the basis of a revisiting of the debate about appropriate curricula for the different

contexts within Africa. The report suggests that such a narrow curricular focus could threaten African countries' prospects for economic competitiveness. Literacy and numeracy will necessarily form part of education's contribution to individual, enterprise and national development. However, education provision needs to build a stronger focus on the other essential elements of knowledge and skills for development and international competitiveness in the context of globalisation. This requires those involved in educational planning to look beyond basic education to consider the appropriate modalities through which individuals can access an expanded notion of basic learning needs for competitiveness. Such modalities may vary both within and across countries. However, the challenge of developing a "curriculum for competitiveness" is common to all countries globally. This requires that education systems focus far more clearly on the ways in which education can empower individuals to become more competitive and to respond most effectively to their economic environment.

0.7. TRAINING UNDER GLOBALISATION

Globalisation places a new emphasis on skills development, which has been widely neglected in international policy thinking recently. It highlights the role of training systems in equipping individuals, enterprises and economies to be more competitive. To lack skills and access to training is to be outside the community of those who may potentially benefit from globalisation. Lack of skills means that individuals are increasingly likely to struggle to gain wage employment and lack key capabilities that could enable them to access sustainable niches in self-employment. Thus, training is important for competitiveness and social inclusion. However, it is absent from the current international model of poverty eradication and too little emphasised in growth strategies. This, the report concludes, is a serious weakness in development policy and is in need of rectification. This could include the emergence of a generally agreed target for training, stressing its equity and growth aspects. Any such renewed stress on training requires a reconsideration of the location of authority for training matters in both national governments and development agencies.

The report charts the considerable policy attention to training for self-employment, and the wide range of projects directed at this end across the project countries and beyond. It notes improvements in policy and practice in all three countries but concludes, overall, that institutions are still insufficiently responsive to demand. It also argues that policy continues to show inadequate consideration of issues surrounding training for self-employment. These include a consideration of the skills, knowledge and other inputs necessary for accessing real and potential market opportunities and the issue of whether training for those already in SMEs is more effective than training for those who may subsequently enter the sector.

Globalisation emphasises the importance of responsiveness of training institutions in a number of ways. One element of this is an increased need for training providers to be able to respond to the needs of students and enterprises. The learning-led competitiveness perspective leads the report to emphasise the importance for providers to focus more sharply on how their training gives their clients a competitive edge. Stronger mechanisms are needed to link training providers with the enterprise communities they serve. However, the drive towards cost recovery in many cases has undermined such linkages through the encouragement of institutions to produce in competition with local enterprises. Instead, there is a need to think carefully about why cost recovery is required and how best to achieve it, if

a clear need is present. Where it is necessary, cost recovery should be reoriented to concentrate on providing services of value to local enterprises of all sizes. Thus, carefully targeted cost recovery can strengthen institutional embeddedness and responsiveness. The report also encourages a consideration of how training providers can follow the lead of small enterprise development and shift their own focus to better reflect the possibilities to support business linkages. However, it concludes that responsiveness is frequently undermined by inappropriate funding mechanisms and government regulations. Complete cost recovery is unlikely ever to be a possibility and the state will and should have a significant funding role. In shaping this role, it is vital that the government should facilitate the development of training that is responsive to the needs of all its constituencies and to the challenges of competitiveness and equity. Such responsiveness is far more important than a simple commitment to cost recovery.

0.8. SKILLS DEVELOPMENT WITHIN SMALL AND MICRO ENTERPRISES

Where they operate, Africa's indigenous apprenticeship systems have been highly successful sources of skills transfer. There is evidence of technological development in certain sectors in all three countries. However, the extent to which this can continue to be the case in the context of globalisation does need to be questioned. The negative effect that adverse economic conditions can have on skills transfer and technological progress within the SME sector should also be noted. Such concerns have led to a rise in major programmes designed to intervene in the indigenous skills development systems.

Nonetheless, caution is needed regarding intervention in such systems, even if they are struggling with new challenges. Interventions can tend to undermine these systems' self-reliance. At the heart of the difficulties with interventions is their sustainability. Moreover, they can threaten the self-replication of the existing, indigenous system, particularly when they flood the system with donor funds.

Nonetheless, there may be a case for continuing to pursue the possibilities of interventions given the existence of concerns about the indigenous systems. It may be that the best chance for success lies in interventions that reflect the expressed needs of masters and apprentices; include informal sector associations in a wide range of activities; and combine modest external funding with a realistic strategy for financial sustainability. However, here it is important to note that indigenous systems of apprenticeship are neither everywhere present, nor always as formalised as in many West African countries. The challenges of intervention may be less than those of developing systems from scratch.

0.9. SKILLS TRANSFER FROM LARGER ENTERPRISES

There appears to be a mixed picture concerning the transfer of skills and personnel from larger to smaller firms. It has been suggested that this process is in decline and that the large scale retrenchments from public service across Africa have not had the anticipated positive

effect on small enterprise development. Nonetheless, there is evidence, most strongly from Kenya, that the transition of workers from larger to smaller firms and from wage to self-employment is continuing. Where this emerges from a purposeful move to take advantage of perceived market opportunities, then it appears to be an important source of learning-led competitiveness for the SME sector. Evidence about the pathways to self-employment of successful entrepreneurs continues to suggest a high road from school to training (often a mixture of formal and informal, crossing enterprise- and institutional- based modalities) and thence to wage employment, before ending in sustainable self-employment. Such a road is a long one, making interventions difficult. It is also a route on which major barriers prevent many from beginning the different stages of the journey. As such, it cannot be the primary route to skills and technological development for small and micro enterprises.

The notion of straddling, whereby workers are employed (often in large formal firms or the public sector) whilst carrying out SME activities, has gained increased attention in recent years. This has included an interest in encouraging the move to self-employment through sub-contracting relationships that can be mutually beneficial to the original employer as well as the newly independent entrepreneur. Nonetheless, it is also important to note that straddling may be a long term, individual strategy for profit or survival as well as a transitional phase between two modalities of work.

0.10 TOWARDS HOLISTIC THINKING AND COHERENT ACTION

The report highlights the importance of holistic thinking that brings together perspectives from across sectoral boundaries. It is important, for instance, that small enterprise developers are aware of thinking in educational circles regarding appropriate curricular content, or that educators and trainers grasp the significance of debates about enterprises' collective efficiency.

Learning-led competitiveness is a major real world problem that requires trans-sectoral understandings and coherent actions across a range of sectoral and overarching policy areas and concerns. Too often, sectoral policies and their implementation are undermined by a failure to grasp and apply insights from other contexts and by inconsistencies between policies and programmes. Staff development will be important in promoting organisational capacity to think holistically and act coherently. Equally, the report stresses the importance of structures that facilitate cross-ministerial networking

CHAPTER ONE: DEVELOPING A LEARNING-LED COMPETITIVENESS APPROACH

1.1. THE CHALLENGE FOR DEVELOPMENT IN AFRICA

Across Africa, countries are faced with a massive challenge to their successful economic and social development. Through the 1980s, the performance of most African countries on economic and social indicators declined. Whilst some improvement was seen in the 1990s, it is far from clear that the corner has been turned (Killick 1999). Moreover, the late 1990s raised the importance of vital challenges that the continent seems ill prepared to face: globalisation and pro-poor growth.

1.2. THE "LEARNING TO COMPETE" PROJECT

The "Learning to Compete" project has sought to engage with this situation. It focuses on the challenges and the opportunities faced by three African countries in responding to external pressures and for their peoples to enjoy improved livelihoods. These, it argues, require a much greater focus than hitherto on the learning of individuals, enterprises, institutions and nations in order for development in African countries to have a good chance of success.

At the heart of this report is a desire to stress the connected nature of three sectors: education, training and small enterprise. As the report will argue, the importance of convergence amongst these three sectors is increasingly acknowledged, both in theory and practice. This report will focus on the notion of "learning-led competitiveness" (see below), which describes the areas of convergence amongst the three sectors.

This report is the outcome of a partnership amongst researchers in four countries: Ghana, Kenya, Scotland and South Africa. This partnership is reflected in the joint and collective authorship of this report. Data was collected in Ghana, Kenya and South Africa. Whilst context is very important, the report will seek to focus on the lessons that emerge from research in all three countries, rather than taking each country case individually. A major concern will be with making propositions that arise from the three cases but are likely to be more widely relevant in other African contexts. However, these propositions should be seen as themes to stimulate debate about national possibilities, rather than a blueprint for action at the country level.

The report draws on 29 papers produced by the research team (see appendices 1 and 2), which produced large amounts of field data, as well as reviews of the existing literature. It also draws extensively on data presented at a project conference, held in Edinburgh in May 1998[1], and the three project workshops. This conference and workshop data is drawn from the research of a wide range of academics and practitioners and includes evidence from the

[1] Much of this data has been published as King and McGrath (eds.) (1999) *Enterprise in Africa: between Poverty and Growth.*

three project countries and beyond. Where relevant, reference will also be made to the broader literature in other African countries and the relationship between this and project data in crucial areas will be considered.

1.3. LEARNING-LED COMPETITIVENESS

It is important to say a few brief words about the notion of "learning-led competitiveness". Learning here encompasses schooling, institutional-based training, on-the-job learning and learning across enterprises. The concern with its relationship to competition arises from the impact of new processes of global competition on the struggle that the many poor in Africa countries face in achieving sustainable livelihoods. These individuals, their communities and their nations are forced to compete in spite of unfavourable environments.

The report is concerned about the possibilities for competitiveness at the level of the entrepreneur, enterprise and economy. It equally focuses on competitiveness at the level of the student, the learning institution and the society. In all this discussion, the primary focus of this report will be on the role that learning can play in promoting such competitiveness. It is assumed that there is broad sense in arguments which suggest that knowledge and skills are increasingly crucial factors of production and elements in competitive advantage. The report also considers the ways in which a focus on learning-led competitiveness allows new questions to be raised about the performance of education and training institutions and systems. The report examines evidence about education and training performance in this new light and raises a series of important questions for future developments.

The report also seeks to explore how such a focus shapes our current understanding of the challenge facing enterprise development. Given the powerful arguments in favour of the relative efficiency of smaller enterprises (McGrath and King 1996) and the preponderance of such enterprises in many African contexts (Mead 1999), the principal focus here will be on small and micro enterprises (SMEs). This focus, however, cannot be totally divorced from a consideration of the health of larger enterprises. Indeed, relationships between enterprises of different sizes can be an important element of a learning-led competitiveness approach.

Competition, of course, can be over-celebrated. The report notes growing concerns with over-competition amongst SMEs. The report also reflects the possibility of a creative tension between competition and cooperation. An interest in the importance of "learning to cooperate" leads the report to consider structures that promote inter-firm learning for competitiveness.

At the heart of the report's concerns with data from its project countries are a number of areas for reflection and action:

- the role of learning in strategies for success in small and micro enterprises
- the kind of learning required to help individuals, firms and society respond successfully to globalisation
- the contribution of education and training institutions to national and individual competitiveness
- the structures that encourage or facilitate learning for, across and within enterprises to be more competitively oriented.

1.4. THINKING SUPRA-SECTORALLY

The recent growth of sector programme support requires some reflection on the way that this report addresses sectors. At the heart of our approach is a stress on thinking beyond the sector. The current donor attempts to develop sector programme support almost necessitates a counterbalancing emphasis on the need to think supra-sectorally.[2] The emphasis of this report is on an approach that sees connections between sectors (Norrag News, 1999).

To advocate the importance of thinking and acting supra-sectorally is not to underestimate the difficulties entailed. It is challenging in terms of structures. There is a danger of cross-cutting structures undermining capacity development in line ministries. It is challenging in terms of staff. Human resources in both donor agencies and Southern governments (not to mention civil society) are already stretched and a supra-sectoral approach would stretch them even further. Nonetheless, as a recent DFID report acknowledges, whilst supra-sectorality is challenging, it is the way forward (Carney 1998). Moreover, there are signs of donor and government concerns in this area, including the World Bank's initiative for a "Comprehensive Development Framework" (World Bank 1999- see below) and fora for cross-sectoral discussions between staff within a number of donor agencies and Southern governments.

1.5. GLOBALISATION

Globalisation, seen as the intensification and expansion of market forces on a broadly international scale, is a far older and persistent process than is popularly understood (McGrath and King 1996; Rao 1998). Many of the new phenomena claimed for globalisation in the late twentieth century can in fact be traced far further back, particularly into the "Age of Imperialism" of the last quarter of the nineteenth century. The long term nature of many of the trends claimed as part of globalisation points to the need to be more specific about what has really changed (Watkins 1997). Key elements where change is really qualitatively significant include the areas of telecommunications, financial markets, currency speculation and cross-national product assembly. However, we must keep in mind that globalisation's extent is uneven (Rao 1998). Moreover, it is frequently its power to shape the way that policy and practices are understood that is at the heart of its significance.

There is considerable contention regarding the impact of globalisation. For some, it signals the final victory of neo-liberalism. Others, less expansively, focus on the positive effects on markets, on communication, on policy. However, there is a counter-position which sees globalisation as the victory of the rich and powerful and of the West in particular. In this

[2] It is possible to identify three distinct levels of thinking beyond sectors. Cross-sectoral is often used to refer to collaboration between well-defined sectoral structures on matters of joint interest where no new structures are developed. Inter-sectoral can refer to cases where structures are established that are designed to coordinate across still well defined sectors and on specific issues, with responsibility still lying in the final instance with sectoral structures. Trans-sectoral refers to organisation around issues rather than around sectoral logic. In this view, there are no "home" sectors to command the loyalty of members of structures. In reality, the latter form is less apparent than the earlier types. This report will refer to supra-sectorally in order to talk about the notion of working beyond sectors generically.

view, globalisation accelerates inequality and marginalisation. Whether seen as an opportunity or a threat, it does appear that globalisation is a major force in contemporary society that places a heavy emphasis on learning. Indeed, as this report will show, education, training and enterprise will form important elements of any strategy to respond to the new environment. Responding to globalisation does not necessarily lead to success (Rao 1998). However, it seems clear that African countries will need to seek to turn globalisation into an opportunity; no matter how threatening it is at present.

1.6. DEVELOPMENT DEBATES

We have already noted the importance of thinking trans-sectorally and it is evident that policies and practices in the sectors of education, training and enterprise development cannot be understood in isolation from broader debates about development strategy. Development thinking and policies at the moment display a series of important tensions: between growth and equity, economic and social factors, state and market, ownership and conditionality.

1.6.1. Structural adjustment

Since the beginning of the 1980s structural adjustment programmes, proposed by the IMF and the World Bank, have spread across most of Africa. At the core of structural adjustment is the argument that good economic performance is built upon liberalised trade, macroeconomic stability and getting prices right. These then mean that markets will work properly and the resultant growth will lead to reduced inequality. In this view, the state cannot work impartially but will be captured by vested interests. The state crowds out the private sector but is an inefficient provider itself. It also distorts markets.

However, there has been a sustained critique of both the assumptions upon which structural adjustment is built and its performance in practice. From the South African context, Woolard and Barberton (1996) argue that growth does not lead to reduced inequality, but that, conversely, reduced inequality helps promote growth. The World Bank also admits that structural adjustment has failed to deal adequately with the household and informal economies because they do not appear in the National System of Accounts (World Bank 1994). Moreover, it is argued that structural adjustment is blind to many structural and power imbalances such as gender (Stromquist 1999).

One of the prime interests of this report in structural adjustment is its effect on SMEs. It has been assumed that structural adjustment will benefit smaller enterprises by reducing the productive reach of the state, limiting bureaucratic rent-seeking and allowing access to cheaper, imported intermediate goods (King 1999). However, there have been criticisms that have pointed to the saturation of the SME sector due to downsizing in larger firms and the public sector, the rising cost of inputs and the dumping of imported, often second-hand, goods (Adam 1999; Visser 1999a). We shall also be interested in the extent to which

adjustment has helped or hindered the ability of education and training to respond to the challenge of learning-led competitiveness.

1.6.2. The developmental state

At the heart of structural adjustment is a strong belief in the inadequacy of the state as a development tool. This position is challenged by a range of authors who have looked particularly at East Asian experiences for examples of where the state has been an important actor in development (Amsden 1989; White and Wade 1991). As these economies are the best examples of a successful graduation to industrialisation, their example seems particularly important.

It seems likely that the East Asian economies are regaining their vitality, although the pernicious effects of globalised currency speculation will have a lasting effect on economies and individuals. The East Asian example seems to show that success in the global economy will be fragile given such movements. However, its positive lesson is that success can be achieved if a series of factors are in place. There is a considerable danger in assuming African countries are prepared either culturally or in terms of capacity to follow this route. Nonetheless, the Asian example highlights a number of important factors that African countries need to consider when aiming towards genuine "take-off".

In spite of globalisation, development is still a project that states and peoples can consciously attempt to construct, notwithstanding the major constraints on political and economic action. Industrial strategy is not about the monolithic state that existed (but more in theory than practice) in post-independence visions of African development. Rather, it is about a pro-active state that seeks to bring the state, market and people together to work for development and that attempts to balance growth with equity. Rao (1998) argues that a conscious national learning strategy, with education and training at its core, is crucial to such an overall aim. Equally, facilitating enterprise competitiveness has been at the core of the East Asian approach.

1.6.3. Pro-poor growth

The Copenhagen Social Development Summit of 1995 pointed to a new approach to development and has had a major impact on development cooperation and national policies. The Summit highlighted the importance of focusing development and development assistance more clearly on the eradication of poverty. This led to the establishment of a series of international development targets (IDTs) by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD-DAC 1996).

Development has always been about poverty. However, it has also been about growth and the relative importance of the two has shifted over time (Riddell 1997). Whereas structural adjustment is primarily a growth-oriented policy, the introduction of the IDTs has returned

poverty-oriented policy to centre stage. Increasingly, policies of donor agencies are being reformulated to be more poverty-focused. National policies in the South are following a similar trend through the emphasis on national poverty eradication plans. This Southern refocusing on poverty is evident in different forms in our three project countries.

The heightened poverty agenda has major implications for the three sectors being studied here. As regards education, it is clear that the IDTs explicitly privilege basic education and implicitly downplay the importance of other sub-sectors. The IDTs tend to discourage critical analysis of how education contributes to development and fail to emphasise many of the crucial issues which we shall raise in Chapter Three. Strikingly, neither training nor enterprise development is accorded any value as an element of pro-poor growth in the IDTs.

1.6.4. The Comprehensive Development Framework

The World Bank is moving towards a position stressing social as well as economic elements of development. The Bank's recently departed Chief Economist, Joseph Stiglitz, has been highly critical of the way that neo-liberal ideology has over-ridden development concerns and how fiscal conservatism has privileged stability over growth. He also suggests that privatisation has been accorded more importance than institutional infrastructure and competitiveness. He accepts that markets underprovide on education, training and technology and argues that promotion by the government of social learning is crucial (Stiglitz 1998a and b).

These self-criticisms led the Bank to formulate a new policy approach in early 1999 as the Bank's President, James Wolfensohn, launched the "Comprehensive Development Framework" (CDF) (Wolfensohn 1999; World Bank 1999). This makes explicit the need to balance economic and social development concerns and to ask how sectoral policies contribute to overall goals. Moreover, it stresses processes as much as outcomes and the need for genuine partnership to drive the development process (World Bank 1999). The new approach offers the possibility of a focus on how developmental needs can be met and a willingness to consider how pro-development systems can be actively promoted. As such, it has the potential to overcome some of the constraints on learning-led competitiveness that arose out of structural adjustment.

The Comprehensive Development Framework approach is far too new for us to have a strong sense of its implications for development, and the departure of Stiglitz may be significant. Its vision is a welcome one in so far as it offers balance and partnership. A major challenge lies in moving beyond the Bank's often too narrow economic vision of structural adjustment. Of equal importance is the need to make the social development vision of Copenhagen and the IDTs better grounded in concerns about the developmental impacts of the chosen targets. Progress in the sectors of education, training and enterprise development, and towards the notion of learning-led competitiveness, is likely to be positively affected if the CDF, and similar trends within the UN movement, can create a more holistic sense of development.

1.7. COUNTRY CONTEXTS

The data collected by the project team is about education, training and enterprise in Ghana, Kenya and South Africa. Although the research has been concerned with better understanding those sectors in those countries, it also aims to develop a notion of learning-led competitiveness as a tool to analyse policy and practice across sub-Saharan Africa.

Nonetheless, such a notion has been shaped in significant ways by those national contexts. For this reason, we shall turn now to some brief comments about those national contexts. These are designed to assist readers to get further critical purchase on the data presented in the subsequent chapters and to remind them that our propositions need to be tested in the light of specific situations.

1.7.1. Ghana

On independence in 1957, Ghana seemed set for a successful future as an independent country. However, from the late 1960s until the early 1980s, it appeared that this potential had not been realised. Beginning with the 1983 Economic Recovery Programme (Afenyadu 1997a), Ghana has been one of the strongest implementers of structural adjustment. Whilst the economy has slowed down somewhat in the 1990s (Afenyadu 1997b), Ghana has begun to move beyond adjustment and recovery towards planning for the future. It is the *Vision 2020* (National Development Planning Commission 1994) process that forms the centre piece of this new strategy.

Vision 2020 is inspired by East Asian examples (Afenyadu 1997b). Whilst it still is heavily influenced by structural adjustment approaches (Afenyadu 1997b), the Ghanaian industrial strategy is built explicitly on globalisation and competitiveness considerations (McGrath 1997b). It has a largely realistic vision of building from a principal reliance on production and processing of agricultural and forestry goods towards entrepreneurship, innovation and international trade (McGrath 1997b). The policy also maintains a powerful anti-poverty focus and there is a strong emphasis on the role of the private sector in development.

Education, training and SME development are all seen as crucial to the overall development policy, and the *Vision 2020* report emphasises:

- educational quality improvements;
- problem solving and inquiry;
- increased technical and vocational education and training;
- better education and training - private sector linkages;
- promotion of informal sector activities;
- increased access to credit, technology and other services; and
- a focus on rural areas and the urban informal sector. (National Development Planning Commission 1994)

However, sectoral policies cannot simply be read off from the *Vision 2020* document as they also display their own internal dynamics. Major education reforms took place in 1987 and 1992 and in the latter year Ghana committed itself to a new policy of free, compulsory, universal basic education (fCUBE). This policy is currently being evaluated and policy

development processes are also currently evident for training and small enterprise development.

1.7.2. Kenya

Kenya has seen the end of its one party state. However, there is continued political uncertainty and donor reticence about supporting the current government. Part of this political tension is related to the gross inequalities in Kenyan society. The country's Gini coefficient[3] of 0,57 (Republic of Kenya 1999) is only slightly better than South Africa and one of the very worst in the world.

At the core of Kenya's national development strategy is the *8th National Development Plan* (Republic of Kenya 1996a) and the "Vision 2020" Sessional Paper (Republic of Kenya 1996b), as well as the *National Poverty Eradication Plan* (Republic of Kenya 1999). Both the Office of the President and the Ministry for Planning and National Development are striving for better inter-sectoral policy coherence, but whilst "Vision 2020" is a Ministry of Trade and Industry document, the *Poverty Plan* came out of the Office of the President. However, the very presence of different coordination structures for the same issue points to the problems Kenya faces in coherence and supra-sectoral planning.

The 8-4-4 education reform of 1984 has been questioned both by the *Master Plan for Education and Training* (Republic of Kenya 1998) and the *Totally Integrated Quality Education and Training* report (Republic of Kenya 2000[4]). However, neither has yet been implemented, nor does such implementation look likely in the immediate future. A new draft policy has also emerged in the small enterprise development sector (International Centre for Economic Growth 1999) but this has not yet been finalised. This uncertainty over policy processes is a key weakness of the current Kenyan polity.

1.7.3. South Africa

The mid 1990s saw the final victory over apartheid with South Africa's first democratic elections. This set the stage for a drive towards broad-based development. In 1994, the African National Congress launched their proposals for a Reconstruction and Development Programme (RDP) as the centre-piece of their election manifesto. By the mid-point of their first term in government this had been replaced as the core of government policy by the Growth, Employment and Redistribution (GEAR) policy. The official line from the South African government is that GEAR is simply the operationalisation of the RDP vision. However, critics argue that there has been a shift to fiscal policy, which serves to constrain rather than enable development (Adelzadeh and Padayachee 1995; Marais 1998; McGrath 1998a).

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[3] The Gini Coefficient is a measure of income inequality that considers distribution of income over a population. O represents perfect income equality; 1 perfect inequality. A figure of over 0,5 is indicative of very serious inequality.

[4] The report is dated 1999. However, it was not released publicly for over six months and we shall use the actual publication date of 2000.

However, South African policy also points to redress and equity (King 1997). Thus, the South African poverty report argues that GEAR is likely to lead to a trade off between reducing inflation and increasing unemployment (Republic of South Africa 1998a). There are also elements of a pro-active growth orientation within the South African state. The Department of Trade and Industry and the Department of Labour are involved in a range of more pro-active programmes, including Spatial Development Initiatives; a clustering initiative; infrastructural development and the Labour Market Commission (McGrath 1998a). These are also linked to the technology strategy of the Department of Arts, Culture, Science and Technology (Republic of South Africa 1996).

Although an upper middle income country, South Africa's extremely high level of income inequality (a Gini coefficient of 0,58: approximately double that of Indonesia or Sri Lanka) means that poverty levels are high (Woolard and Barberton 1996). 60% of South African children live in poor households (income less than R353 per calendar month) (Republic of South Africa 1998a). There are huge internal disparities. The white Human Development Index (HDI) is equivalent to that of Canada; the African one is level with the Congo Democratic Republic. The Western Cape Province's HDI is on par with Singapore (43rd globally); Northern Province's is equivalent to Zimbabwe's (121st). Women's HDI is 20% less than men's (Woolard and Barberton 1996). Inequalities within groups are also very large in many cases. For instance, the Gini coefficient for Africans is 0,54: far higher than for whole populations of most countries (Republic of South Africa 1998a).

Inequalities based on race are of great importance in our three sectors. One of the key special characteristics of the South African SME economy is the presence of powerful historically white enterprises at the upper end of the SME segment, and above in the medium and large enterprise segment. South African enterprise development thus has to wrestle both with racially-tinged tensions between smaller enterprises (and potential racial barriers to vertical linkages) and the political pressure to empower some segments of the sector more than others. The apartheid legacy of differentiated access and attainment in education and training complicates this situation and confronts those sectors with huge problems.

South Africa's education and training reforms are structured around the National Qualifications Framework (NQF). At the school level, this is reflected in the new outcomes-based approach of Curriculum 2005 (Department of Education 1997a and b). The Department of Education has developed a new policy for technical colleges (Department of Education 1998; Republic of South Africa 1998b), whilst the Department of Labour has developed a Skills Development Strategy including the notion of learnerships, a modernised form of apprenticeship (Department of Labour 1997).

The South African White Paper on small, medium and micro-enterprises (Republic of South Africa 1995), like its Kenyan counterpart, reflects considerable awareness of international policy debates. However, it tempers these with a strong concern with the specificity of South Africa's history and aspirations, being highly focused on the needs of particular target groups of the disadvantaged (Rogerson 1999b; Visser 1999c).

1.8. THE STRUCTURE OF THIS REPORT

The report will now turn to consider how the notion of learning-led competitiveness can inform thinking about the role of education, training and enterprise development in overall development strategies. The next three chapters will look at these three sectors whilst retaining a concern with inter-connectedness.

Chapter Two will focus on the enterprise and the entrepreneur as learners. It will consider the potential role that learning-led competitiveness can play in enterprise development and the constraints faced by entrepreneurs and enterprises in taking advantage of learning. It will address the role that linkages among enterprises, meso level institutions and macro level policies can play in overcoming the constraints and supporting the potentials of SMEs.

Chapter Three will consider the role of education in individual, enterprise and national competitiveness and the relationship between current policies for basic education and the challenge of developing systems across the education sector to promote learning-led competitiveness.

Chapter Four will examine the role that skills development plays in developing enterprises. It will explore the notion of the responsive vocational training provider and how this relates to the challenge of upgrading skills development. It will consider the central role that indigenous systems of training play in skills development and the possibilities and desirability of interventions in these.

This chapter will be followed by an examination of the core research finding in Chapter Five. Finally, there will be a shift from research to policy in considering the implications of these findings in Chapter Six.

CHAPTER TWO: BUILDING LEARNING ENTERPRISES

2.1. PRELIMINARY COMMENTS

It is important to consider what is meant by a focus on learning enterprises. The theme structuring this chapter, the learning enterprise, focuses attention on the advantages that learning brings to enterprises and entrepreneurs and the potential role that learning-led competitiveness can play in enterprise development at the sectoral level. However, there are no claims that learning alone will solve the problems faced by SMEs. Therefore, the chapter will also consider some of the constraints they face. Given the "learning enterprise" theme, it will in particular seek to consider how education and training might contribute to overcoming these constraints.

A focus on the learning enterprise is not meaningful unless it sees the enterprise, and its learning, in network terms. Learning across enterprises is closely interconnected with learning within enterprises. One of the most important insights of small enterprise development thinking in recent years is the importance of moving beyond viewing firms purely in individual, unconnected terms. Therefore, we shall also consider the potential of linkages among enterprises as an element in a competitiveness strategy at the enterprise, sector and macro economic levels. There is also a growing awareness of the role of intermediary institutions in enterprise development. Most importantly for the SME sector, these include a range of business membership organisations, as a structure from within the sector. However, they also include external attempts by donors, governments and NGOs to encourage cooperative activities.

National policies for small enterprise or private sector development are supposed to be concerned with supporting and empowering SMEs. However, there is abiding suspicion within the sector about the motives and performance of the state, as we shall see below. We shall consider such policies with a particular focus on how they promote enterprises and their ability to learn and to compete.

Throughout the chapter, the focus on enterprise is framed by related issues in education and training. It will raise a number of issues of pertinence to those working in those sectors, and several of these will be returned to in the subsequent chapters when the focus turns more explicitly to sectoral concerns in those areas.

Our focus in this chapter and report is on the productive elements of the SME sector. However, in following such a focus, it must be noted that productive activities often account for a small percentage of overall sectoral activities. In Kenya, Daniels, Mead and Musinga (1995) found that only 16% of urban informal sector employment was in manufacturing in spite of the original popular image of the jua kali[1] sector. In Chad, Muskin (1997) found that only 9% of those in N'Djamena's informal sector were involved in production. South African levels of productive SMEs appear to be particularly low by continental standards. A survey of Southern Johannesburg, for instance, found only 6% in production (Karungu et al 1997, cited in Rogerson 1998). However, the distinction between production and

[1] Jua kali (hot sun) in Ki Swahili was originally applied to productive informal sector activities but has stretched in meaning over time to encompass all informal sector activities in Kenya.

manufacturing across these surveys must be noted. Manufacturing may be a small proportion in many samples (though caution is necessary given the very large agglomerations of light engineering work in many African cities). However, our concern is with the broader grouping of those engaged in production rather than trade, as this is where our focus on technical training as well as enterprise development is most clearly seen. This broader focus includes construction, for instance, which considerably expands the size of the group under study. For example, Visser (1999c) quotes official data from the Western Cape which points to male "informal sector activities" as comprising 9% manufacturing, but 48% building-related. In many parts of the world it is construction and maintenance/repair work that are the principal areas in which large numbers of workers are expanding their skills and developing their livelihoods.

A reading of globalisation literature would suggest that the current trend worldwide is for the productive sector to lose importance relative to trade and services (Pedersen 1999). Support to productive activities should recognise this. Nonetheless, in so far as these productive areas are important for technological development, skills creation and industrialisation, they remain a valid policy concern.

We are focusing here on the learning enterprise. Whilst many of the SMEs subsumed under our study may have only one worker, we are not seeking to conflate micro enterprise and self-employment. In fact, SMEs include a large number of other workers. This is particularly the case for productive enterprises.

2.2. THE LEARNING ENTERPRISE

Research has placed increasing emphasis in recent years on the importance of learning for enterprise success (McGrath and King 1996; Manu 1999). This can be seen in debates about flexible specialisation (Piore and Sabel 1984); Post-Fordism (Mathews 1990); the learning organisation (Senge 1990); and the information age (Castells 1996). In such models, the ability to acquire and use knowledge is central to competitive advantage.

This vision makes clear the benefits of learning for enterprises. Whilst simple causal relationships do not exist between education and a range of factors, including economic ones, it is apparent that education does have an important overall contribution to make. Learning and the development of an information-seeking orientation enhance personal competitiveness of workers and employers. Learning can extend capabilities and can help enterprises spot and exploit niches. Learning enterprise thinking also focuses on the crucial role of improved collaboration for competitiveness. Moreover, it is argued that their smallness makes smaller enterprises more flexible and better able to capture many of the benefits of learning than their larger counterparts (Piore and Sabel 1984; McGrath and King 1996).

SMEs in many sectors within our project countries, as we shall argue in the next section, face very serious obstacles from poverty-induced constraints to demand and tendencies towards saturation of markets. To survive and succeed, the ability to exploit growing and higher value niches through learning is essential. Moreover, there is considerable evidence that, whether for surviving more securely or for achieving significantly greater prosperity, working together can be highly positive for smaller enterprises (see below). Also, it is through collective learning that many of the benefits of collective efficiency accrue.

There is also evidence, from across a number of African countries, that education and experience work in synergy. Mead (1999) argues that higher levels of education allow entrepreneurs to take better advantage of the learning from many years of experience, and vice versa. This is particularly important in responding to market changes and in finding new, more profitable niches. Thus, education and training can contribute to an ability to respond more effectively to technological and economic change.

Education and training equip SMEs to master a series of important challenges to their future growth:

- product development;
- product diversification;
- quality improvement;
- logistics; and
- marketing.

Education levels in the SME sectors of many African countries are apparently rising. This has led commentators (Birks et al 1994; Charmes 1999) to argue that inevitably there will be a positive effect on productivity. This argument seems to find confirmation from data in all three countries.

Oketch and Otieno's sample of entrepreneurs suggests that those with some secondary education are most likely to succeed, whilst those with less than 5 years of schooling are most likely to fail (Oketch and Otieno 1999). Indeed, there were no examples of success in the Kenyan sample for this latter group: a point worth noting in the face of claims that a little education can have a large impact (UNICEF 1999). Rogerson (1999b) reports on South African evidence that higher education levels do seem to be a factor in enterprise success. Afenyadu (1998b) notes growing education levels of apprentices in Ghana. He also reports that masters argue that increased education levels improve the situation by:

- allowing for higher levels of training;
- facilitating the keeping of business records;
- permitting production of better quality products;
- improving customer service (Afenyadu 1998b).

However, Afenyadu also argues that there are mixed views among Ghanaian masters regarding the worth of current schooling. This appears to reflect differences in sectoral sophistication. Carpenters, a lower skill trade, liked the orientation and basic skills provided by the school system. Engineers and refrigeration mechanics, higher skill groupings than carpenters in Ghana, argued that literacy and numeracy were inadequate at Junior Secondary School level (Afenyadu 1998b), an argument that reflects the low levels of attainment in national tests at this level (see Chapter Three).

The positive view about education levels in the SME sector does not take into account the serious questions that are raised about African education systems and the levels of attainment therein. Equally, caution is required about the negative view, as the experience of OECD countries points to a tendency by employers and politicians to talk down educational achievement for their own interests.

As we shall see in the next chapter, the positive side of such criticisms has been that they have started a greater policy focus on the detail of what education is on offer. This will lead

us to focus on what we call a "curriculum for competitiveness", one which focuses more clearly on key knowledge, skills and attitudes for competitiveness and development. Such a notion parallels the views of emergent entrepreneurs in Ghana regarding some of the principal requisites for success:

- creativity and innovative capacity;
- theoretical knowledge, including literacy and numeracy;
- business skills;
- capital (Afenyadu 1998b).

A focus on a curriculum for competitiveness notes the major challenge for education of addressing the first two of these needs.

In responding to the educational needs of entrepreneurs and enterprises, it is important to note that much of the evidence referred to here has suggested that quite considerable levels of education might be needed to make a positive impact on livelihoods and productivity. As we shall consider in more depth when we turn to consider education in Chapter Three, the challenge of combining a concern with a curriculum for competitiveness with a drive towards education for all is a very serious one.

Turning to training, it has been argued that small scale artisans generally have low levels of demand for training (Maldonado 1989; Bennell 1999). This argument suggests that as growth internationally usually comes through replication of existing activities rather than developing new processes or products, there is a tendency towards low demand for skills (Rogerson 1998; Bennell 1999). Moreover, this argument states that training in itself cannot address the very real constraints faced by enterprises, outlined below. These need to be tackled before turning to training (Bennell 1999; King 1999). Education levels across Africa are also poor and this may be more significant in limiting enterprise's potential to benefit from training.

However, there is evidence from our project countries, and elsewhere, that there is considerable demand for training of all kinds (McGrath 1997a and b; Bennell 1998; Honny 1999). Afenyadu (1998b) importantly highlights a new trend in Ghana for young, emergent tailors and dressmakers to seek to move into the more attractive fashion and design niche through formal training. Thus, it appears that the negative picture provided above overstates the potential demand for training with SMEs and does not take into account the particular advantages accruing from training in some of the more promising market niches at present.

Moreover, the project has found some evidence (Afenyadu 1998b; King 1999; Oketch and Otieno 1999) that those with the best technical skills and concerns about design have had better quality formal technical preparation. Thus, whilst graduates of lower status technical institutes (e.g. youth polytechnics in Kenya) are most likely to end up in self-employment, they are less likely to be successful in exploiting high value niches than national polytechnic graduates. It is also apparent from both Ghana and Kenya that the pathways to successful self-employment will typically include skills and knowledge acquisition from school, training institute and work experience (often including explicit enterprise based training and in all sizes of enterprise) (Afenyadu 1998b; Oketch and Otieno 1999). In Ghana, it appears more likely that this pathway will include apprenticeship within the SME sector. Evidence to date from South Africa seems to point to the lack of an indigenous skills formation system that mirrors the Ghanaian or Kenyan approaches. However, it is entirely possible that such a

system may develop, with or without the external influence of the government's learnership scheme (see Chapter Four).

From the enterprise perspective, it seems that many of those who succeed have had above average education and training. However, this is problematic in policy terms, as looking from the other direction, only a few graduates of training programmes appear to become successfully self-employed. The challenge, as we shall see in Chapter Four, is to make training provision more responsive to market needs and to improve selection and targeting procedures.

PROPOSITION 2.1.	Whilst they do not determine success entirely, education and training are important elements of the portfolio of assets of successful entrepreneurs and enterprises. This importance has increased as a result of global technological and economic change.

2.3. CONSTRAINTS FACED BY AFRICA'S SMALL AND MICRO ENTERPRISE SECTORS

Talk of flexible specialisation, Post-Fordism or learning enterprises seems very far from discussions of the conditions faced by most SMEs across Africa. We do not seek to underplay the reality of such a gap. However, the core argument of this report is that African countries are faced with no alternative but to enter such debates and to construct their own positive versions of the new enterprise approach. Nonetheless, this cannot simply be achieved through a focus on ambitious new goals. Rather, it must also take very careful consideration of the current state of enterprises and their environment. Therefore, it is important to examine some of the constraints that currently undermine the ability of SMEs in different parts of Africa to master learning-led competitiveness.

2.3.1. The health of the small and micro enterprise sector

There is some concern in research circles that the general crisis of African economies in the 1980s served to weaken SMEs. In this view, the decline in large firm and public sector employment led to saturation of the SME sector labour market. It also depressed household incomes, reducing the purchasing power of customers of smaller enterprises. These combined effects constrained the possibilities for SMEs to transform themselves. Crucially, their production was made even more price rather than quality sensitive (Muskin 1997; Adam 1999).

It is argued, further, that globalisation is intensifying these trends due to the SME-specific effects of the overall business cycle (Adam 1999). The labour force engaged in the sector in many parts of Africa appears to grow when the economy as a whole is depressed. It seems that lower level activities, concentrated in "family enterprises", home-based working and street vending are anti-cyclical and increase when economic growth is slowing down.

Conversely, the more successful segment is pro-cyclical, growing when the overall economy grows as the result of new market opportunities (Charmes 1999; Mead 1999). However, the overall picture in Africa is one where growth is primarily through the creation of new enterprises rather than the growth of existing ones, the successful pro-cyclical group being in the minority in the sector as a whole (Mead 1999).

Nonetheless, it seems reasonable to argue that globalisation equally can have a positive effect on SMEs. This suggests that globalisation brings new opportunities as exporters and as suppliers to exporters. It can make the whole environment more entrepreneurial and increase the status of and opportunities for small enterprises. Moreover, state policy under globalisation tends to become less anti-enterprise. This further promotes enterprise possibilities.

Our research finds relatively positive views about the health of the sector in each of our project countries. Oketch and Otieno (1999) point to evidence which suggests that Kenyan rates for job creation within existing SMEs are high by African standards. King (1999), Afenyadu (1998b) and Rogerson (1999a) also provide a sense of a significant number of SMEs in all three countries that are developing successfully. Work in Kenya by Ueda (1999) also indicates considerable grounds for optimism on the basis of detailed longitudinal work that shows that there is good evidence, at least in the location being researched, of employment expansion, particularly of ex-apprentices, through the diversification activities of successful entrepreneurs.

There are also increasingly positive messages about the state of many African economies. Whilst caution needs to be used regarding these claims (Killick 1999), it is likely that better economic conditions will provide better niches for more sustainable enterprises. The phenomenon of "jobless growth" in South Africa (McGrath 1998a) suggests that employment growth in any putative "African Renaissance" will be primarily through smaller and less formal firms.

2.3.2. The effects of macro economic policies

Whilst macro economic policies are intended to improve the context in which enterprises operate, there is considerable criticism of their performance in a number of African settings. This focuses both on a criticism of the state for pursuing anti-developmental policies and an argument that the widespread use of structural adjustment policies has been unsuccessful and, indeed, counter-productive.

From her work in Ibadan, Nigeria, Adam (1999) concludes that structural adjustment programmes have adversely affected SMEs. Von Massow argues that

> structural adjustment priorities inherently divert resources into export oriented production in industry, mining and plantation agro-industry rather than into strengthening local markets and purchasing power essential to flourishing enterprise. (von Massow 1999:105)

Looking at a wide range of experiences across Francophone West Africa, Charmes (1999) argues that structural adjustment programmes probably have reduced demand in urban areas

due to reductions in public wage bills. Adam (1999) finds that the recession linked to the Nigerian programme is making people even more cost conscious. This means that quality becomes even less important and the scope for innovation and product improvement is undermined (Adam 1999). Bennell (1999) charts the effect of the structural adjustment-induced decline in demand, linked to increased imports. He notes how this increases market uncertainty. Therefore, he concludes that, in spite of its claims, structural adjustment does not stimulate SMEs' demand for training.

In Ghana, Kenya and South Africa, our own data suggests that there are concerns amongst enterprises with the dumping of new and second hand clothes (Afenyadu 1998b; King 1999; Visser 1999a). The impact here has been on both large and small enterprises, although it is important to note that lay offs from the larger enterprises are likely to have knock-on effects on smaller enterprises, as noted above (King 2000).

In most African cases, demand problems are likely to be compounded by an increased supply of labour to the sector. Charmes (1999) notes that straddling between wage and self-employment has increased due to declining real wages in larger firms and the public sector. Adam (1999) points to a growth of unpaid labourers. The large numbers of new entrants into the SME sector are likely to go into areas with low barriers to entry. This leads to saturation and counters any demand stimulation that does come from adjustment (Bennell 1999). It is argued that the result of this combination of unfavourable trends on both the demand and the supply side is falling incomes and growing insecurity. In particular, von Massow (1999) concludes that structural adjustment has placed a disproportionate burden on women.

King's (1999) evidence from Kenya, as part of this project, (see Box 2.1.) suggests that jua kalis are generally in favour of both privatisation and liberalisation. In large part, their arguments mirror important elements of the classical justification for neo-liberal policies. They see the reforms as reducing the opportunities for corruption and bureaucratic delay, although they also note new forms of corruption emerging. Significantly, King suggests that liberalisation has enhanced technological confidence and led to the development of new products.

Box 2.1.Kenyan jua kali perceptions of adjustment policies

The evidence from Kenya suggests that there is a need for caution regarding an over-critical view of the effect of adjustment policies. Some Kenyan jua kalis are very concerned about the level of imports and the perceived irregularities in importation procedures that they see as explaining the very low prices of imported items. There is a particular problem with the importation of second-hand clothing, which is seen as having very serious effects on local clothing enterprises.

However, in other trades in Kenya, entrepreneurs are not afraid of competition. Nonetheless, there is an issue with quality, as people seek to undercut each other. Also, the margins of profit over against imported goods or those made in the industrial area are sometimes hard to maintain. In other cases, the sheer level of competition locally has meant that the locally manufactured item (e.g. a band saw) is half the price of an imported one.

King argues that the result of economic liberalisation and of the spread of technological confidence has been that in many areas there is now is a good deal of competition. Most noticeable in the Komorock area of Nairobi is the large number of people who are now making items such as weigh scales, paint, soft drinks and machine tools

The view of jua kalis was that the reforms had removed some of the rent-seeking behaviour of the state officials. The jua kalis no longer had to spend as much time and money seeking licences for foreign exchange, or importation, etc. It meant that materials and supplies were much more available.

Privatisation in Kenya has not moved as fast as liberalisation. Jua kalis seemed universally in favour of more of it, though. They were aware that the parastatals and other government bodies were used widely as sources of patronage and that corruption was rife. The services of posts and telecommunication and of power and lighting were particular instances of the more general problem. The difficulty of getting adequate and fairly priced supplies from these service providers was a frequent theme.

Source: King (1999).

From the breadth of data across Africa, it seems to be the case that economic policies have often had a negative impact on enterprises of all sizes. The Kenyan case shows that whilst many of the elements of structural adjustment can be of considerable benefit to smaller enterprises, the international problems of sequencing and implementation (Stiglitz 1998b) have been present in Kenya and have limited the potential gains. It is crucial that economic policies and, more importantly, their implementation are more supportive of enterprises in fragile positions. In the context of this project, it is also important that such policies explicitly consider their likely impact on learning-led competitiveness.

2.3.3. The importance of niches

As we noted above, the experience of SMEs varies considerably. There is evidence from a number of authors (Barr; Mead; Oketch and Otieno; Adam- all 1999; Rogerson 1999a) about

the importance of being in the right market niche. There are some niches occupied by smaller enterprises that are characterised by higher value products and quality differentiation. As our own research shows, these niches include fashion and design in Ghana, machine tools in Kenya and African clothing in South Africa (King 1996; Afenyadu 1998b; Rogerson 1998). In these niches, entrepreneurs are able to take advantage of higher levels of education and training. One of King's informants characterised himself and others with better education and training and a primary focus on profit and enterprise development as "jua kali with a professional approach" (King 1999).

However, other data collected during our research indicates that deskilling may well be taking place in other market segments, in spite of rising education levels. Such segments are characterised by low barriers to entry; market saturation; price rather than quality driven purchases; and a low skill component. Owners in these segments, which often are trade based or in more technologically traditional areas, may be motivated more by desperation fuelled by an inability to access or maintain wage employment than by a desire for entrepreneurship (Oketch and Otieno 1999; Rogerson 1998). This is worrying as evidence points to higher success rates for those who actively seek self-employment rather than those who experience "enforced entrepreneurship" (Mead 1999; Rogerson 1999a).

This group (the "survivalists" of the South African literature- Visser 1999c) often have an "impermanent portfolio of activities" (Buckley 1997), responding to market changes by shifting to new areas with low barriers to entry. This contrasts with those who behave more entrepreneurially, seeking new opportunities in high value areas that often exploit technological changes rather than avoid them (Oketch and Otieno 1999). The more successful entrepreneur is often one who is following a profit-oriented diversification strategy (Ueda 1999).

The survivalists are also currently ill-placed to add value, be competitive or export, in contrast to those accessing more sustainable livelihoods. One of the challenges for enterprise policy is to seek to prepare people better to access more dynamic value-added niches or to respond to the possibilities of pioneering new high value niches. Education and training are clearly important here for developing the skills and knowledge necessary to succeed. The ability to identify market opportunities and to access new niches also requires an information-seeking orientation amongst entrepreneurs. If education and training can promote positive attitudes and appropriate skills for accessing important information, then they will have done a valuable service for enterprise development.

There is disagreement from our data over the role that gender plays in influencing in which segment of the SME sector individuals and their enterprises are located, and their likelihood of success. From our South African data, it appears that male entrepreneurs tend on average to be more successful than their female counterparts and that men are more likely to be located in more profitable niches (Rogerson 1999a). However, Oketch and Otieno (1999) find that female-headed enterprises are more likely to be successful in Kenya. In general, the evidence from across Africa (e.g. Mead 1999) appears to support Rogerson's position, although this does not rule out the possibility of Kenya being an exception or the existence of a significant number of highly successful female entrepreneurs, even if they are not typical of women entrepreneurs on the wholse. Where women are successful, it may be that international exposure or contacts are significant in breaking through any gender barrier (Afenyadu 1998b).

2.3.4. Non-entrepreneurial goals

Part of the weakness of many of the existing modalities of enterprise support has been an over-reliance on assumptions about perfect entrepreneurial behaviour amongst those who are intended to benefit. Even among the upper echelons of the SME sector it should not be assumed that entrepreneurs are entirely focused on profit or growth maximisation. Oketch and Otieno (1999) chart the use that a sample of Kenyan entrepreneurs made of profits:

- household use 53%
- reinvestment 23%
- school fees 12%
- agricultural investment 6%
- others 6%.

Lack of reinvestment of profits limits enterprise success according to conventional criteria (King 1999; Oketch and Otieno 1999), although it may well be a product of success as measured by the entrepreneur. Whatever the view of entrepreneurs, it appears that often only a small fraction of profits are reinvested into firms (Oketch and Otieno 1999). It is important that policies for SME development take account of the often non-entrepreneurial motivations of those they are seeking to target, and include an awareness of the likely impact gender has in shaping such motivations.

2.3.5. Capital

Capital shortages for SMEs are typically found in most locations in Africa. Kenya reflects this problem, with high commercial interest rates and a reduction in the number of bank branches severely constraining access to services (King 1999). Lack of capital is significant as it turns would-be producers towards being maintainers or repairers (Afenyadu 1999). It undercuts the possibility of pushing forward technological barriers and the possibility of exploiting the intellectual capital of the enterprise. Our evidence from Kenya and Ghana also suggests that initial capital is very important as a success factor (Afenyadu 1999; Oketch and Otieno 1999). In these samples, the more successful group of entrepreneurs had average start up capital six times that of the less successful group.

2.3.6. Technological change

There are many examples of technological changes that undermine production by smaller enterprises. King (1999) mentions current Kenyan concerns with the decline in use of metals for packaging and the growth of use of plastics. Other important examples include the changes to the refrigeration maintenance industry resulting from the CFC reduction programme (Afenyadu 1999; McCormick 1999), or the effects on car mechanics arising out of the greater computerisation of electronic systems within vehicles (McCormick 1999). Such changes are inevitable. The challenge is how to respond. This can be in one of two ways. First, the enterprise can upskill to respond to new demands. However, in some cases, such as the shift in packaging, this is likely to be impossible. Therefore, a second strategy of seeking out new market niches is required. Both responses to technological change are clearly heavily knowledge-based.

2.3.7. Lack of information

Our research finds that a number of Kenyan entrepreneurs and policymakers identify information gaps as one of the key constraints facing smaller producers (King 1999). Concerns with inadequate dissemination of information are also at the heart of many current enterprise development interventions in South Africa, Ghana and Kenya (Mead 1998; Afenyadu 1999; International Centre for Economic Growth 1999; Visser 1999b).

2.3.8. The enterprise site

Our fieldwork reports that, in Kenya, a very large number of jua kalis are leasing their premises from the original owners of the land. In many cases in parts of Nairobi, such as Gikomba and Komorock, there are no title deeds. There are allocation letters but there have been problems recently about bribing to get allocation letters for plots owned by others. Land reform would allow for much more direct investment by jua kalis in their operations than what is already happening now (King 1999). Lack of security of tenure undermines the likelihood of investment in enterprises and the likelihood of learning-based growth strategies.

Given its apparent role in economic take-off in countries such as Japan, South Korea and Taiwan, the issue of land reform is clearly of broader relevance for development strategies, although it remains a highly contested area of policy, as is evident from South Africa and Zimbabwe at present.

Location is also important, with home-based enterprises being on average less successful than enterprises in discrete locations. Of South African non-household located enterprises, those which do best are located in formal urban areas rather than in rural settings or townships or informal settlements (Rogerson 1998 and 1999a). It seems that location is not only important for accessing better markets but may also be vital to learning strategies. As we move along a continuum from home-based activities to those based in thriving industrial locations, so the environment for learning to become more competitive improves.

Infrastructure is a major complaint in Kenya (McGrath 1997a; King 1999) and in Ghana (Barr 1999). It also is one of the factors in the advantages to location in central business districts noted by our South African research (Rogerson 1998 and 1999a). Inadequate roads, uncertain electricity supplies and unreliable telephone systems all undermine production and marketing and reduce the potential for learning from others elsewhere.

2.3.9. Corruption and trust

King (1999) reports that many jua kalis identify corruption as the most serious problem that they and the economy face. It affects access to services, land, loans and even advertising that they exist. The state's connections with the sector are perceived as frequently being in the form of rent-seeking rather than support. Corruption is given as the reason that they do not look to the state (or local government) for contracts or procurements. These are too much trouble and it is too difficult to get paid at the end of the work (King 1999). Whilst Kenyan entrepreneurs may be more open in their complaints about corruption, it is clear that such problems exist internationally (King 2000).

Trust also has been identified regularly in the literature on Africa's economic weaknesses. This is held to be particularly problematic inter-ethnically and at its least serious within easily identifiable "outsider" groupings, such as the Asian business community of Kenya (King 1999) or the Francophone African immigrants in Johannesburg (Rogerson 1998).

However, King (1999) finds considerable indication of positive attitudes towards Asians from African jua kalis. Their positive influence is seen in a number of ways. Asians are a source of second hand machinery at reasonable rates. This is particularly crucial for learning-led competitiveness, as it has allowed the leading jua kali enterprises to push forward the technological frontier of Kenyan small enterprise production. Asians also assist in this process in a number of other ways. These include providing training to future jua kalis as employees; serving as knowledge brokers for smaller enterprises; and providing loans to support enterprise expansion. Where jua kalis are selling either to larger firms or to wholesalers, the likelihood is that Asian capital is involved.

High levels of crime and political violence in both Kenya and South Africa clearly do much to undermine trust. Equally, the lack or weakness of institutions across all three countries makes contract enforcement problematic. There are some suggestions that non-payment of debts is seen as a legitimate part of "cunning practices" by some entrepreneurs (Adam 1999; King 1999). However, it also fundamentally undermines trust and makes inter-firm cooperation much harder.

Whilst the general argument about the lack of trust is amply reinforced by evidence from the jua kalis in King's (1999) sample, it is evident that there is scope within the Kenyan system for business considerations to overcome even the well-publicised ethnic tensions between Africans and Asians. As we shall see when we turn to consider the development of business linkages, there is also evidence of progress towards breaking down the racial tensions that have limited inter-firm cooperation in South Africa. This is important as is any progress in improving intra-racial levels of trust. The competitive strength that comes from cooperation with other enterprises and from inter-firm learning will not reach its fullest potential if trust and contract enforcement systems do not improve.

2.3.10. Lack of governmental support

In Kenya, there is widespread entrepreneurial suspicion of the state. Whilst there is some agreement that the state has at least partially delivered on its promises, governmental performance is viewed as inadequate and there is still a powerful legacy of mistrust. Many jua kalis perceive policy as being focused on outside audiences rather than as intended to guide action. Moreover, they view the government as acting primarily in the interest of the "big men", rather than the bulk of the people (King 1999).

The non-assisting state is one reason jua kalis use to justify non-payment of licenses and failure to charge VAT on their finished goods. As they see it, there is nothing they receive from the state. Therefore, there is little incentive to pay the rather costly licenses for manufacturing. However, small to medium enterprise can benefit from being registered, for example, with the Ministry of Industrial Development in order to be eligible for a certain scale of contract (King 1999).

In Ghana, it seems that such suspicion, which was mutual (Afenyadu 1997a and b), has declined as the Rawlings Government has become perceived as genuine in its commitment to private sector development. This can best be seen in the relationship with the Private Enterprise Foundation, which is now seen as an important partner in Ghanaian development. The state's relationship with the Council of Indigenous Business Associations has also prospered, not least because of the perceived political advantage of such a relationship. There is considerable effort to improve the state's relationship with small enterprise associations and the role of the National Coordinating Committee for Technical and Vocational Education and Training (NACVET) has been important here (Afenyadu 1999), as we shall see subsequently.

In South Africa, much of the perception of inadequate support from government stems from an apartheid legacy which leads many entrepreneurs to feel entitled to very considerable support from the state (Mead 1998; Visser 1999c).

It seems clear that the state can and should do more to assist SMEs. However, there is an obvious danger in going down the potential South African route of looking for major state interventionism. The lesson from East Asia seems to be that the state can only play a positive market "correcting" role if such "corrections" are time bound and tightly linked to promotion of competitiveness and a process of learning to industrialise (Lall 1987). Where the state also has an important role is in acting as the champion of learning, of enterprise and of competitiveness. This can be through awareness raising, information broking and the energising of private sector mechanisms to promote learning-led competitiveness, as well as through carefully targeted and tailored interventions.

2.3.11. Learning-led competitiveness and the constraints faced by African enterprises

The discussions of this section make clear the many constraints that face the development of learning-led competitiveness strategies for Africa's SMEs and macro economies. Nonetheless, it also suggests that many, if not all, of the obstacles are surmountable with effort. It is our contention that learning-led competitiveness is not a utopian vision in African contexts but a pressing necessity. Putting learning at the heart of enterprise development strategies is essential but this must be accompanied by an analysis of and a response to the obstacles that lie in the way of enterprise, of learning and of competitiveness in the different parts of the continent.

PROPOSITION 2.2.	A focus on learning-led competitiveness is not an irrelevance in African contexts. If African countries do not address these challenges, then they are likely to fall even further behind economically and the social and economic costs of globalisation inevitably will be intense. Whilst it is true that enterprises across Africa face considerable obstacles to current competitiveness, or even survival, these must be seen as obstacles that need to be overcome through targeted efforts, rather than reasons for despair.

2.4. LEARNING THROUGH ENTERPRISE COOPERATION

There are many types and levels of relationships among businesses, both large and small. Cooperation, often characterised as business linkages, occurs across notional divides such as degree of formality, ethnicity and enterprise size. The importance of these relationships, in the context of this project, is in the opportunities they offer for access to the global economy, the learning and technology transfer opportunities that are inherent in good cooperative modalities, and the considerable scope for scaling-up due to the very normality of such cooperative relationships in mature and developing market economies.

It seems likely that education and training initiatives can take advantage of, and indeed encourage, the wide range of business linkages as a means of pinpointing where there is real, current and growing demand for skills. Where incentive structures are working adequately, the self-interest of the parties involved makes them efficient and willing partners in designing, delivering and assessing training.

In South Africa, our project has found evidence of powerful horizontal cooperation between enterprises of similar size, e.g. in West African clothing or jewellery (Rogerson 1998 and 1999a), although this is by no means a widespread phenomenon and is undermined by a lack of trust. Vertical linkages between enterprises of different size are also developing quite rapidly in South Africa (Mead 1998; Visser 1999b). Such relationships seem to be driven by both directly commercial, and more explicitly social responsibility, concerns. On the commercial side, there is concern that sub-contracting is being driven by attempts to circumvent health and safety regulations and trade unions, and to suppress wages and costs (Rogerson 1998). However, Rogerson notes that there are also more positive outsourcing reasons that can lead to healthy relationships between larger and smaller enterprises. Mead (1998) confirms this, noting that many sub-contractors are in fact unionised. His data seems to suggest that there is a "high road" of upskilling, quality conscious vertical linkage as well as a "low road" of cost-cutting and union busting.

South African sub-contracting, however, also has another powerful force at work. Corporate concerns about legitimacy in the post-apartheid era, and their genuine desire to be good citizens, have led to a wide range of social responsibility activities designed to show that large corporations are serious about issues such as black empowerment and poverty eradication (Mead 1998; Visser 1999b). Sub-contracting has also become part of this approach. When motivated by non-commercial concerns, such programmes seem to be of limited worth (Mead 1998). However, there is growing evidence of genuine skills development through some of these programmes, which are now evolving into more genuine linkages (Rogerson 1998).

As Mead (1998), Rogerson (1998) and Visser (1999b) all note, there is still a problem in vertical linkages due to the power imbalance, particularly in the all-too-common situations where there is an excess of small competing suppliers and only a few large buyers. Nonetheless, the corporate and political environment of South Africa is such at present that vertical linkages have a strong profile and considerable potential.

Barr's (1999) evidence from Ghana suggests that the benefits of cooperating vary sectorally with those in high value niches benefiting far more than those in traditional or survivalist market segments. However, Afenyadu's research as part of this project (1998b) points to the emergence of sub-contracting between different level niches in the clothing and textiles sector.

There seems to be less sub-contracting apparent in Kenya amongst even more dynamic jua kalis, although the furniture industry seems to be an exception (King 1999). Nonetheless, in the case of the Asian layer of the economy, it was clear that they had become important to the jua kali sector as clients, and as distributors of jua kali products. Asians were, for some of the jua kali, the only major purchasers of their products.

In the literature, major additional advantages are seen to come from membership of networks, clusters and sub-contracting relationships, all of which facilitate information acquisition. However, Africa has generally struggled to develop such positive examples. It must be remembered that in much of Africa, low initial levels of education and poor information dissemination mechanisms (Mead 1998; King 1999; Visser 1999b); an adverse macroeconomic climate (Adam 1999); lack of trust and a weak legal system (Barr 1999; King 1999); and poor infrastructure (McGrath 1997a; King 1999) are all constraints to effective linkages.

There has been a growth in projects (supported by governments, NGOs and donors) that are interested in better linkages between enterprises. This shows a growing recognition that there is an important distinction to be made between addressing the internal needs of enterprises and the addressing the relationships among businesses.

Such concerns are obvious in all three project countries and there are a wide number of projects and programmes. In both the South African (Republic of South Africa 1995) and the draft Kenyan (International Centre for Economic Growth 1999) small enterprise policies, there is increased attention to this topic.

Policies to support an improvement in the quality and quantity of business linkages appear to be one of the most useful elements of a small enterprise development strategy. Such programmes of support should emphasise learning. They must also address the constraints preventing linkages maximising learning and competitiveness.

The growing interest in inter-firm cooperation is a positive one. Where they are working properly, such relationships are in essence about competitiveness. They link enterprises and economies with the dynamic sectors of the global economy and are the access mechanism to the best markets for new and growing enterprises of all sizes and shades. For a learning-based competitiveness strategy, they also facilitate specialisation and technology transfer.

From our perspective, the challenge ahead lies in making learning more explicitly part of cooperative relationships. For educators and trainers, there are important challenges in conceptualising how their products can be better tailored to fostering cooperation and to reaping its benefits. At the core of this is the need to investigate more fully the degree to which linkages help identify real training needs, ones that have a competitive or global nature. The evidence also seems to point to the importance of brokers of information, standard setters and quality controllers in maximising the learning-led competitiveness of African economies.

PROPOSITION 2.3.	One of the most important new insights of small enterprise development in recent years is the acknowledgement of the crucial role of inter-firm linkages of various kinds. This perspective is important for its focus on the improvements to efficiency and competitiveness that can accrue from such relationships. However, it is important to place learning more centrally within this approach and to consider the explicit role that education and training can play in the promotion of pro-growth linkages.

2.5. INFORMAL SECTOR ASSOCIATIONS

Structural adjustment has led to greater agency and government interest in civil society and structures such as informal sector associations (ISAs). The Kenyan draft policy on small and micro enterprises, for instance, places considerable emphasis on ISAs (International Centre for Economic Growth 1999) and a number of donors have become involved in several countries (Haan 1999).

The scale of some networks of ISAs makes them powerful stakeholders with which the state needs to deal. In Ghana, the Council of Indigenous Business Associations (CIBA) has 2,4 million members in its affiliates (Afenyadu 1998a). It is little surprise then that the Government has cultivated links with CIBA. A dramatic manifestation of this is the role of CIBA as collectors of income tax for the state. This earns CIBA a commission, which is a major source of revenue for the Council. In Kenya, the Kenyan National Federation of Jua Kali Associations (KNFJKA) has 60 000 members in affiliates (King 1999). Nevertheless, taken together with the large number of artisans in non-affiliated associations, sectoral associations in Kenya also have a high profile. In South Africa, there are no equivalent structures of parallel influence and the small scale productive sector is generally far less developed.

In both Ghana and Kenya, there have been a number of successful small scale interventions focused on rapid market appraisal, fairs and exchanges (Haan 1999). ISAs also have had some success in lobbying and advocacy (Haan 1999).

The example of Ziwani Jua Kali Association in Kenya (McCormick 1999) points to the possibility of a future approach in which ISAs identify new market challenges and seek to develop networks to solve them. Here the members of the association, which is entirely comprised of car and lorry mechanics, have combined in an attempt to respond to the importation of new cars. They have identified a joint need for training, diagnostic equipment, and access to a different range of replacement parts and are seeking to find external support to address this need. As a result of the World Bank vocational skills project in Ghana (see Chapter Four), the National Electrical Contractors Association and the Electric Company of Ghana collaborated for training purposes (Afenyadu 1999). Also, through the Global Environmental Facility, the National Refrigeration and Air Conditioning Workers Association have begun to respond to the banning of CFCs (Afenyadu 1999). In Ghana, associations such as the National Tailors and Dressmakers Association are attempting to upgrade and standardise quality (Afenyadu 1999). Significantly, ISAs are also beginning in

Ghana to become involved directly in the curriculum and certification of training. These examples powerfully illustrate the potential of ISAs to facilitate learning-led competitiveness.

It is important to note that evidence to date on ISAs is still quite limited, although stronger in the Francophone case, e.g. in Mali (Carton 1999). Whilst this is suggestive of their potential, in keeping with other aspects of the informal sector, concerns remain that interventions in some situations weaken rather than strengthen such structures. ISAs may represent the best available vehicle for articulating the needs of clusters of entrepreneurs and for interacting with the state and donors in cluster development. Therefore, serious attention should be paid to improving understanding of how ISAs can be strengthened and inserted into the core of small enterprise development strategies. In so doing, the importance of their potential for promoting learning-led competitiveness should be stressed. Equally, the possibility of developing this through better relationships between ISAs and formal sector chambers of commerce and industry is worth considering.

PROPOSITION 2.4.	The limited evidence on the performance of Informal Sector Associations (ISAs) highlights the need for caution in intervening in this area. Moreover, what evidence there is, points to the dangers of intervention for undermining their autonomy and self-reliance. Nonetheless, ISAs are a potentially important mechanism for promoting cooperation and change in small and micro enterprise sectors in different parts of Africa. Therefore, attention needs to be paid to ways of better involving them in policies and programmes for the sector.

2.6. POLICIES FOR SMALL AND MICRO ENTERPRISE DEVELOPMENT

Kenya has a well developed small enterprise development policy, at least on paper, and this is being developed further at present. The Sessional Paper of 1992 (Republic of Kenya 1992) sees the state primarily as a facilitator with a particular role in creating and enabling environment. Considerable emphasis is also put on the role of microcredit.

The current draft policy of the Ministry of National Development Planning (International Centre for Economic Growth 1999) has a strong non-financial services focus alongside microcredit and an enabling environment. It stresses links with larger firms and highlights the heterogeneity of jua kali activities. Whilst it is positive about the role of jua kali, it does point to the need to increase jua kali productivity.

The draft policy places considerable emphasis on the role of ISAs. These are linked to a new notion of Local Enterprise Centres (LECs). These will be based in enterprise clusters and will be encouraged to bring those clusters together through ISAs. These in turn are expected to liaise with technology NGOs in jua kali upgrading. As well as technology, LECs will have a key role in information and marketing. This approach is designed to address issues of learning-led competitiveness in the jua kali sector and shows a keen awareness of the importance of cooperation in order to improve competitiveness.

New structures are also envisaged to support enterprise development at national level. Within the MNDP, a new Department for Small Enterprise Development is proposed. Also there is a suggestion for a stakeholder body called the Small Enterprise Development Agency. However, responsibility for implementation of jua kali projects has been shifted out of the Ministry for Research, Technical Training and Technology into the Office of the President (King 1999). What this means for the draft policy is unclear. It may also threaten the articulation between jua kali concerns and the training sector, although it does have the potential of better inserting the sector into overall development strategies such as the poverty policy.

South Africa presents an interesting case of a policy reform that seeks to provide a more enterprise-friendly regulatory framework, but at the same time sees a major proactive role for the state (Republic of South Africa 1995). The South African policy shows a strong concern with target constituencies of historically disadvantaged groups. These are blacks, women, youth and rural people. However, this is married to a strong concern with competitiveness. This can be seen in an official interest in linkages, tendering and procurement. It is also evident in the attempts to develop Manufacturing Advisory Centres focused on clusters of more dynamic enterprises and with a powerful learning focus (Visser 1999c). Concerns were raised in the first five years of the new South Africa that there was insufficient clarity in the way that multiple goals have been operationalised (Rogerson 1999b) and this is a weakness that the Department of Trade and Industry is itself seeking to address.

South Africa's small, micro and medium enterprise development policy articulates with a number of other sectoral policies. For instance, the Department of Trade and Industry is also behind the spatial development initiatives designed to promote holistic development in regions and along major transport corridors. In all of these initiatives, there is a focus on encouraging smaller contractors and in promoting small enterprise activities such as eco-tourism. One of the key challenges here is to tighten the relationship between the training demand generated by such initiatives and that provided by the training system.

Ghana is still in the throes of developing a small enterprise policy. The Ghanaian *Vision 2020* document (National Development Planning Commission 1994) envisages the eventual evolution of micro enterprises into formal small firms as the economy achieves medium term take-off into middle income status. In the meantime, it is perceived that SMEs can play a crucial role in expanding the export focus of the Ghanaian economy, particularly in food processing. Additionally, the Government is keen to build on the strong existing tradition of micro artisanal production and repair work. SMEs are also seen as an important way of generating employment and inserting women into productive activities (Afenyadu 1997b). Learning is seen as a key aspect of these strategies. Enterprises are encouraged to learn to export and to improve their technology. This can be seen in a wide range of initiatives, such as the Export School, the Intermediate Technology Training Units and the World Bank vocational skills project (see Chapter Four for lengthier discussion of the latter) (Afenyadu 1997a and b).

There is a growing view that local government may be better placed than national government to provide much of the support SMEs need (Rogerson 1999b). This fits well with the Ghanaian decentralisation policy and the growing interest in South Africa with local economic development. Equally, the draft Kenyan policy's suggestion for local enterprise centres could potentially facilitate a new, more positive role for local government in

enterprise development. Nonetheless, there needs to be caution in expecting local government to be a better partner of smaller enterprises than national government.

Each of the national policies reflects some of the current uncertainty about the relationship between poverty and growth. The shift of the Kenyan portfolio to the same Ministry as the poverty portfolio may be indicative of a desire for closer articulation between those two policies. In Ghana and South Africa, the location of SME under trade and industry seems to reflect the powerful national concerns in both cases with enterprise and competitiveness and with the eventual withering away of the notion of informality. Nonetheless, the South African attention to target groups and the Ghanaian focus on development for the poorest reflect the complex relationship between poverty and growth inherent in small enterprise policy.

There are signs that the growing competitiveness focus of small enterprise policy is also leading to the emergence of a stronger emphasis on the importance of learning enterprises, although this does not yet amount to an explicit core element of small enterprise development policy in any of the three countries. From the perspective of the project, developing such an explicit focus is an important challenge.

PROPOSITION 2.5.	National policies for small enterprise development are becoming more reflective of "international best practice". However, concerns remain about their relevance to and grounding in local issues. Although governments are trying to become more small enterprise friendly, there is still considerable suspicion of their motivation and performance. For policies to improve, and be more implementable, it is important that steps to consult stakeholders be continued and deepened. It is likely that ISAs will be important actors in such communications.
PROPOSITION 2.6.	Policies have recently addressed important weaknesses such as the lack of an adequate enabling environment, including a pro-enterprise legal framework. This will continue to be a central area of policy focus. However, a focus on globalisation points to the centrality of a competitiveness-orientation, and the contribution therein of learning, for the future health of the small and micro enterprise sector. Therefore, this needs to become a core policy concern.

2.7. CONCLUSION

The above discussion illustrates powerfully the challenges facing small enterprise development in our three project countries and beyond. It also points to the progress that has been made in all three countries in enterprise development by individuals, networks and governments. Although the challenges of globalisation and adverse economic conditions are great, there is considerable evidence of enterprises becoming better attuned to the challenge and the opportunities of competitiveness both in local and international markets. Moreover, at the heart of improvements in competitiveness is increasingly a focus on knowledge and skills acquisition and use. In spite of the poor baselines for both learning and enterprise development in much of Africa, the notion of a learning enterprise does seem useful for African countries that are seeking to increase enterprise competitiveness. Its role is in emphasising a goal to be achieved and in highlighting the changes that are necessary in order to achieve it.

CHAPTER THREE: EDUCATION FOR MICRO ENTERPRISE AND MACRO ECONOMIC GROWTH

3.1. INTRODUCTION

The previous chapter focused on the importance to enterprise development of learning-led competitiveness. It sought to show how enterprise development can be enhanced through a stronger focus on the contribution that learning makes to competitiveness. This chapter shifts the perspective to one of education and explores its role in supporting individual, enterprise and national competitiveness. In order to do so, it considers the relationship between current policies for basic education and the challenge of developing systems across the education sector to promote learning-led competitiveness.

3.2. EVIDENCE ON EDUCATION AND COMPETITIVENESS

We have already suggested in Chapter Two that education is an important contributor to enterprise health and to individual chances of achieving sustainable livelihoods based on self-employment. Moreover, from the side of educational research, major claims have been made about the role of education in increasing individual productivity (and, hence, competitiveness) (Jamison and Lau 1982; Birks et al 1994).

However, evidence about education - performance relationships is conflicting, even within the same survey across countries (Mead 1999). Moreover, it seems plausible to argue that education only has a major positive effect on individual and national productivity if it is supported by the overall trajectory of the economy. Equally, there is a danger in arguing that a little education can have a major effect, as has been too common (Birks et al 1994). Mead argues that the international evidence from enterprise surveys suggests that

> while small amounts of education appear to have made little difference to enterprise profitability, going beyond a certain threshold (lower secondary in Zambia, upper primary in Kenya) was associated with substantial increases in enterprise profitability. In view of the standard problems of associating more education with more productivity (those who get more education are already more able and more highly motivated), these results may be important more for suggesting that a little education makes little difference, rather than as a way of bolstering the stronger but more dubious conclusion that a lot of education makes a lot of difference. (Mead 1999:67)

With the present level of evidence, it is dangerous to suggest that higher education levels in SMEs unequivocally lead to better enterprise productivity. Education and training probably are two of the more important inputs for productivity growth. However, they are likely to work best in combination with other inputs (e.g. experience - Mead 1999) and with a favourable environment. Equally, it is important to consider the likely implications of the

growing levels of education in SMEs for the livelihoods of those who have only a basic education or none at all (King and McGrath 1998).

PROPOSITION 3.1.	Although education does seem to be an important factor in enterprise success, it is not itself a sufficient condition for such success. Moreover, it is unlikely that a basic education alone will be sufficient to have a major positive impact on productivity or competitiveness.

3.3. A CURRICULUM FOR COMPETITIVENESS

Part of the problem with claims about the economic effects of education is methodological. Many studies of entrepreneurs' performance (and the same is true for earnings, fertility, etc.) have used measures such as "years of education", or over-aggregated educational stages: "primary", "secondary" or "technical training" (King and McGrath 1998) that ignore either whether students were actually present or were learning. As such, they have failed to take sufficiently into account the detail of what constitutes the actual individual education or training experience:

> This minimalist use of education or training as an explanatory variable in discussing enterprise success neglects the political attention given historically in many African countries to deliberately altering the content of basic, secondary and vocational education. (King and McGrath 1998: 7).

In order to understand the economic effects of education better it is necessary to try to open the black box and consider the type of education provided. For this reason, the primary focus of this chapter will be on the question of how education can provide useful knowledge, skills and attitudes that contribute to individual competitiveness.

Internationally, there is a massive concern with developing what we shall term a "curriculum for competitiveness". Although this has been most apparent in OECD countries and in the "tiger" economies of East Asia, the three project countries all display a very understandable concern with improving the competitive content of their curriculum. Each shows different responses to this concern, which illustrate both the complexity of the debate and the obstacles that lie in the way of promoting learning-led competitiveness through schooling.

3.3.1. Knowledge for competitiveness

In Ghana, there are powerful national concerns with making education more attuned to the challenge of globalisation. This was explicit in the *Vision 2020* report (National Development Planning Commission 1994) which stressed the importance of creative, problem-solving education for competitiveness.

It is also seen in the sphere of vocational and technical education where there is an on-going shift in emphasis towards pre-vocational and pre-technical at the junior secondary level and towards design and technology at both junior and senior secondary levels (Afenyadu 1997b; McGrath 1997b). Here Ghana seems to be reflecting best practice in technical and vocational education internationally in a concern to make the skills provided in school more relevant to modern workplaces, in both formal and informal settings.

However, the major strides made by Ghana in reversing the educational crisis of the 1970s, reforming its education system and in addressing concerns with making the curriculum more competitiveness-focused need to be balanced against practical realities. The existence of a large number of community schools seems a particular block on attempts to achieve a skills-focused curriculum, given their serious resource weaknesses. There have also been serious concerns about the very low attainment levels experienced at the end of the basic cycle. These stand at less than 10% for both English and Mathematics (Ministry of Education 1996; Quarcoo 1997). As a government spokesman has noted,

> quality of education in many Ghanaian schools is insufficient to impart sustainable literacy and knowledge, skills and habits required for full social and economic participation in society. (Quarcoo 1997: 71)

These quality weaknesses are threatening the future of the Ghanaian reform and there is a danger that enrolments may fall. This provides a backdrop to a proposed evaluation of the success of the Free and Compulsory, Universal Basic Education (fCUBE) reforms (Ministry of Education 1996) and it remains to be seen whether this will result in a leaner curriculum, as has been proposed in the case of Kenya below.

A lean curriculum is argued for in the case of much of Africa by a number of agencies. This is partly on pragmatic grounds. Given the poor state of many African education systems and the likely limits to improved quality and resourcing, it is argued that it makes best sense to concentrate on providing the core subjects with adequate quality. These subjects tend to be an "international" language (typically and increasingly English), Mathematics, Science and a "national" language. Part of the argument for the bulk of time and resources being given to these subjects is that the first three elements are the only really important subjects needed in the era of globalisation. This assumption is based on the contention that rapid technological change means that students do not need technical skills and knowledge across the traditional range of subjects but high levels of literacy, numeracy and scientific knowledge in order to be able to shift between tasks.

This argument is currently being played out in Kenya. Since the mid 1980s, Kenya has been working with the 8-4-4 system (Ministry of Education 1984)[1]. This was designed to encourage students to be more self-reliant and self-employment oriented and features a strong emphasis on practical subjects. However, the system has been widely criticised. What evidence there is on the system regarding knowledge acquisition suggests that performance has been poor. Crucially for the lean curriculum argument, the average marks in English, Mathematics and Science are very low (Republic of Kenya 1998). The Kenyan education debate is largely agreed on the problems of an overstretched curriculum. Moreover, the

[1] The numbers reflect the years of study that should be needed in primary, secondary and tertiary (university) education. The 8-4-4 system, as it is commonly known in Kenya, can also be characterised by a concern with greater self-reliance on the part of both school and student, including a focus on preparation for self-employment.

system is characterised by poor facilities. Thus, the need to move towards a lean curriculum seems eminently plausible. This focus has also led to the beginning of a discussion of essential learning needs, as discussed at Jomtien (World Conference on Education for All 1990). However, as yet, there is little in the way of detailed investigation of what this means in the Kenyan situation and what might be the constraints to its achievement.

A lean curriculum was recommended in the 1998, *Master Plan for Education and Training* (Republic of Kenya 1998). Its central recommendation was for curriculum reform centred on a reduction of examinable subjects to four (Mathematics, English, KiSwahili and Science). The concern that the 8-4-4 curriculum was too broad was also evident in the *Totally Integrated Quality Education and Training* (TIQET) proposals of 2000 (Republic of Kenya 2000). Strikingly, when other countries are showing an increasing interest in education's role in enterprise promotion, this report called for the removal of business education from the primary and secondary curricula.

At the core of the debate about the nature of the curriculum is a disagreement regarding the type of learning needed for the new world-of-work. Those proposing a lean curriculum (though this is at most implicit in the Kenyan policy process), as noted above, argue that the rapid technological change of globalisation requires schools to develop future workers who have basic generic skills in literacy, numeracy and science (World Bank 1995). However, this is countered by those proponents of a unified system of education and training. They argue that what the market actually requires are individuals who are both technically and intellectually competent (de Moura Castro and de Oliveira 1994). In this view, the market is undermining the old academic - vocational divide and an opportunity exists to create a genuinely general education.

In a sense, this is what Kenya has been trying to do through its use of practical subjects, and this has been a widespread policy trend across Africa. Whilst authors such as de Moura Castro and de Oliveira are concerned explicitly with the new challenges to education and training in a period of rapid change in technology and work organisation, their arguments in many ways reinforce the view of many African policymakers. Policies such as 8-4-4 arose out of concerns that a basic academic education might lack the necessary content to promote widespread sustainable (self) employment. However, it is clear that there have been major problems in realising the ambition of a truly general education.

The new South African system, based on Curriculum 2005 and the overarching National Qualifications Framework, is explicitly concerned with creating a unified approach to learning that is built on the premise of globalisation (McGrath 1996; Department of Education 1997a and b). However, here too there are very major resource constraints that could undermine implementation. In 1997, 24% of South African schools lacked water; 57% had no power and 13% had no toilets (Department of Education 1997d: 7). Moreover, a massive retrenchment programme has led to the loss of a disproportionate number of well qualified and experienced teachers.

There is merit in grounding education policy in concerns about resource limitations and a sense of what is readily achievable. There is also worth in focusing on the major outcomes that the economy and society will require from education in the future. It appears that the core of the challenge of a curriculum for competitiveness is finding a way of combining these two perspectives in a satisfactory manner.

3.3.2. Skills for competitiveness

Educational thinking in the OECD countries in particular in the 1990s has seen a growing focus on the acquisition of skills as well as knowledge (McGrath and King 1997). However, it is important to note that the notion of skills being used is far broader than in its traditional usage. In this new discourse, the term skill is expanded to include a range of "core", "generic" or "transferable" "skills" such as communication, problem-solving and team work.

Clearly, the core focus of a poverty eradication approach to skills is a focus on the skills necessary to lift people out of poverty. This includes generic skills for employability and lifelong learning, as well as skills for self-employment and income generation. At a further level, it can be argued that there are a number of additional skills necessary for broad-based economic growth. These could include skills for better productivity when employed; skills for innovation and problem solving; and skills for entrepreneurship. In looking at such skills, it is important to consider the considerable impact of globalisation and Post-Fordism on skill needs.

Looking more holistically, the skills for competitiveness would expand to include higher level skills necessary for development planning and implementation. These would include skills for running privatised industries, skills to develop sector strategies and skills to generate and maintain genuine partnerships with donors at the policy and implementation levels.

These debates are relatively recent, however, and there is, as yet, only limited sign of their influence on African systems of education. Mindful of the lean curriculum arguments, rehearsed above, it is important to consider whether these elements of a new view of "essential learning needs" are beyond the capacity of the majority of schools in Africa. If this is the case, then it will be important to consider how best provision can be facilitated and by what modalities.

This issue of complementarity emerges from our Ghanaian data. Successful young entrepreneurs in our sample typically have a complete schooling plus formal technical training and apprenticeship to a small scale artisan (Afenyadu 1998b). Afenyadu's discussions with master craftsmen suggest that the school system makes an important, but incomplete, contribution to the development of the skills deemed necessary in the workplace. Senior secondary school students think that their institutions are delivering on subject knowledge, science and technology and business skills but that they still need further preparation and experience before moving into sustainable (self) employment (Afenyadu 1998a and b).

The new skills outlined above are evident in Ghanaian policy reforms. Both the 1987 and 1992 reforms sought to stress creativity and production-orientation. In the 1992 reforms, there was a clear concern with globalisation pressures (Afenyadu 1997a). This led to a powerful new emphasis on "employable skills" such as literacy, numeracy, problem solving, creativity and adaptability.

As noted above, part of the focus of the Kenyan 8-4-4 system was on developing practical skills, with a particular objective of facilitating transitions to self-employment (Ministry of Education 1984). Kerre and Oketch (1999) and Nishimura and Orodho (1999) point to largely favourable student opinions about the adequacy of preparation for both wage and self-employment. However, the view of artisans is more mixed (King 1999). Whilst some do

think that 8-4-4 has been important in changing attitudes towards work of students, others are very sceptical about the quality of technical preparation by the 8-4-4 system, noting that many schools had very poor resources for teaching any technical skills. There are also persistent claims of students coming to artisans to buy items to submit for practical examinations. It is also worth noting that Kerre and Oketch's (1999) survey of school students' attitudes reveals that large numbers claimed not to be doing any practical subjects more than a decade after their intended insertion into the heart of the curriculum.

The Kenyan case is one where technical subjects have been stressed in the curriculum at least on paper. However, the system has been far less explicit about the newer skills we have discussed above. Indeed, even the new policy proposals of the *Master Plan* are largely stuck in older debates about the role of skill provision in schooling and the integrative thinking of TIQET is far from fully worked through. It is entirely appropriate for the new policy to react to the weaknesses of 8-4-4 by pointing out the arguments against vocational schooling. However, there is a danger that its use of rather old sources is indicative of a failure to grasp current and future challenges.

The South African contention is that a curriculum for individual and national competitiveness needs to escape from the academic - vocational dichotomy. Instead, it ought to focus far more explicitly on the skills that will help insertion into the global economy. Curriculum 2005 is explicit about the challenge of developing meta-learning: the ability to learn how to learn. It places considerable emphasis on a series of "critical cross-field outcomes" (see Box 3.1.). The focus on skills for competitiveness in these outcomes is clear. It is, moreover, a notion of skill that has its roots in the new concept of generic skills rather than in an older form of technical skills.

Box 3.1. Skills for competitiveness in South Africa's "Curriculum 2005"

The seven "critical cross-field outcomes" are:

1. Identify and solve problems in which responses display that responsible decisions using critical and creative thinking have been made.
2. Work effectively with others as a member of a team, group organisation, community.
3. Organise and manage oneself and one's activities responsibly and effectively.
4. Collect, analyse, organise and critically evaluate information.
5. Communicate effectively using visual, mathematical and/or language skills in the modes of oral and/or written presentation.
6. Use science and technology effectively and critically, showing responsibility towards the environment and health of others.
7. Demonstrate an understanding of the world as a set of related systems by recognising that problem-solving contexts do not exist in isolation.

In addition, there are a series of other generic outcomes and specific "learning area outcomes". The latter focus on the key skills (and to a lesser extent knowledge) that are expected to be the outcomes of learning under the Curriculum 2005 system. The generic outcomes are as follows:

1. reflecting on and exploring a variety of strategies to learn more effectively
2. participating as a responsible citizen in the life of local, national and global communities
3. being culturally and aesthetically sensitive across a range of social contexts
4. exploring education and career opportunities
5. developing entrepreneurial opportunities

Source: Department of Education (1997a: para. 3.1).

It is significant that these generic outcomes include an outcome focused on "developing entrepreneurial opportunities". In spite of the emphasis in all three countries on the importance of an enterprise culture at the level of overall development policy, there is a surprising little evidence of its presence in schools.

In Ghana, such a focus is almost entirely absent. In Kenya, business education has been a part of the curriculum at both primary and secondary level and has had a significant enterprise emphasis (King 1996). As we will show below, this seems to be quite a popular subject with students. However, it receives very little attention in the *Master Plan* and has been recommended for dropping by TIQET. In South Africa, the presence of enterprise in

both generic and specific outcomes points to its apparent importance for the new curriculum. However, in the light of the slow implementation of Curriculum 2005, it will be some years before it is possible to do much in the way of evaluation of this approach. Nonetheless, in the meantime, it is possible to comment briefly on the wide range of efforts that have been taking place in recent years to build enterprise education onto the existing curriculum (Visser 1997). Whilst there has been considerable effort, Visser notes the lack of coordination and the duplication of efforts that have occurred.

Part of the problem that Visser identifies is the lack of a coherent view about the nature of enterprise education. In some programmes, it is primarily a question of a portfolio of business skills to be acquired and then utilised in the world-of-work: education for enterprise. For others, it is about inculcating knowledge of and positive values to enterprise through a discrete subject or programme: education about enterprise. For a further group, it is about total transformation of the curriculum and school to make the whole learning experience enterprising: education through enterprise (Visser 1997). These can be complementary approaches but too often a vagueness about what is meant by enterprise education undermines support for it and implementation.

However, just as we have argued that learning for competitiveness is a difficult challenge for education systems in many African countries, so there is a danger in assuming that enterprise education can be easily implemented. Learning to be competitive or enterprising will be difficult as it will require changed cultures of teaching and school management. It cannot be expected that it will have major effects without a supportive environment external to the school. Both a competitiveness and an enterprise focus must temper their vision with detailed consideration of the possibilities for and constraints on students being engaged in entrepreneurial or competitive activities after leaving school.

3.3.3. Attitudes towards competitiveness

Positive attitudes towards competitiveness are also a central theme of policy trends globally. Documents such as Ghana's *Vision 2020* (National Development Planning Commission 1994) are full of concerns with creating the right attitudinal culture for development.

In Ghana, our research indicates that staff and students in educational institutions are aware of the importance given to the private sector and self-employment. At the student level, this is reflected in shifting demand for subjects. Students surveyed seemed particularly to value the subjects that formed the core of their specialist stream at senior secondary school level (King and Martin 2000). Indeed, when asked which subjects they felt were lacking, they tended to choose additional subjects relevant to their stream.

King and Martin (2000) also found that the vast majority of secondary students surveyed considered self-employment to be one of their preferred work options on finishing their education and that as a first choice it ranked comparably with public sector or private sector employment. Moreover, boys' identification of possible self-employment opportunities reflected a concern with high value niches where scientific and technological skills are often crucial. This included private medical practice, fashion designing, computer engineering. Concerns with exporting were particularly evident amongst girls. Design skills, creativity, networks and a risk taking attitude were seen as key components of a self-employment strategy. There was a consistent trend across both genders to specify occupational aspirations

that were in close relationship to the courses being studied. Thus in the elite Achimota College, agricultural stream students reported aspirations such as horticulturist, landscape architect, soil scientist. In the general arts stream of the same school, however, typical aspirations were towards becoming a lawyer, judge or solicitor (52% of replies), administrator (10%) and diplomat.

Afenyadu (1998a) argues that aspirations towards self-employment could be even higher if they were not constrained by a realistic view of the further training that would be necessary in many cases before students can successfully insert themselves into sustainable and competitive market niches. This is also supported to some extent by the evidence gathered by King and Martin as part of this project. Kibera (1993) takes a similar line in Kenya. Students in her sample cited insufficient capital and skills as reasons for not going to self-employment.

Kerre and Oketch's data (1999) shows that the long-term aspirations towards entrepreneurial activities are relatively healthy in Kenya. Based on first choice of occupation only, some 20% of primary students were intending to engage in such activities when asked to look 20 years into the future. At secondary level, looking six to ten years into the future, girls' second most popular choice would be to become businesswomen. At twenty years, the desire for business is 14% and this is now the most popular first choice of both genders.[2]

Whilst there appears to be some attraction towards entrepreneurial activities amongst Kenyan school students, there does seem to be greater reticence about the desirability of some of the traditional jua kali trades, such as carpentry and lamp making. This fits well with our overall argument that the attractiveness of small enterprise activities lies in higher value niches rather than saturated mass markets.

The 8-4-4 education reform of 1984 was an attempt to make curriculum more pre-vocational. As such, it had a powerful focus on positive attitudes to manual work and self-employment. This can be judged successful to the extent that student attitudes regarding the importance of technical and vocational subjects have been shown to be quite positive (Nishimura and Orodho 1999). However, there is little evidence that the changes in curriculum under 8-4-4 have had a major effect in shifting aspirations towards productive self-employment from either this survey or own research. There is no evidence, as yet, that can suggest a similar process in Kenya to Ghana with regard to student aspirations towards high value self-employment. In the light of the current Kenyan curriculum debate (see above), it is worth reflecting on the more positive attitudes found in Ghana where there has been a very deliberate policy of curricular specialisation at the senior secondary level. It appears that the Ghanaian specialisation has combined with local economic and social factors to produce a positive student aspiration towards high value self-employment niches. Whether such a combination can be promoted elsewhere is less clear.

Notwithstanding our evidence about more positive attitudes towards self-employment, it is clear that there is a continued high preference for apparently more secure employment in large firms or the public sector in the Kenyan data (Kerre and Oketch 1999; Nishimura and Orodho 1999). This probably reflects the fact that the small enterprise sector, even at its most dynamic, is still quite seriously pressed by economic conditions and seems to offer large rewards only for hard work, and then for limited numbers of entrepreneurs. The weakening

[2] However, 14% represents a considerably smaller proportion of total responses than was seen at primary level. Therefore, it is necessary to address why business is now the modal choice but a choice of a smaller percentage than at primary level.

of the formal economy cannot be assumed to lead unproblematically to higher aspirations towards self-employment. What may be happening, from both the Ghanaian and Kenyan data, is that attitudes are becoming more positive but that this will lag behind economic trends until there is more unequivocal and persistent evidence about the attraction of small enterprise employment. Where desire to move to self-employment remains limited, students are also possibly reflecting a realisation that a basic (or even secondary) education is not sufficient for sustainable self-employment.

Whilst it is important not to overstate the ability of the school to change attitudes towards self-employment, there does seem to be an improvement here. The clear specialisation of the Ghanaian senior secondary system appears to have a significant orientation effect and this needs to be considered in other national contexts. Students' interest in self-employment also appears to be closely related to their perceptions of the extent to which school has prepared them for self-employment. Quality, relevance and certification seem to be areas that the education system can address in order to improve students' attitudes towards work in high value self-employment niches. This targeting of high potential niches is also important. Whilst attempts to prepare and orient students to self-employment per se may be of some use, the challenge is in targeting the self-employment orientation more sharply towards learning-led competitiveness.

PROPOSITION 3.2.	If education systems in Africa are to contribute more effectively to national attempts to respond to globalisation, then it is important that attention be paid to the construction and delivery of a curriculum for competitiveness. Whilst current attainment rates and resourcing levels are poor, the challenge of competitiveness cannot be ignored. Strategies need to be developed to address both the pressing problems of poor educational performance and the longer-term challenge of education for learning-led competitiveness.
PROPOSITION 3.3.	The challenge of learning-led competitiveness suggests the need to continue to look critically at arguments in favour of a lean curriculum concentrated on core subjects. Whilst, literacy and numeracy will continue to be vital to individual, enterprise and national development, education systems must take greater account of the other key elements of knowledge and skills for development in the context of globalisation. A broader curricular vision will be difficult to implement, but it is an essential element of national strategies for competitiveness and poverty eradication.
PROPOSITION 3.4	There is evidence of increasing self-employment orientation of school students in our project countries. Efforts in this area need to focus on preparing and orienting students for high value niches. Quality, relevance and certification all appear important in promoting such an orientation. The possibility of orienting students towards sustainable self-employment through curricular specialisation should be kept in mind when the nature of the curriculum is being debated

3.4. UNIVERSAL PRIMARY EDUCATION AND EDUCATION FOR COMPETITIVENESS

Achievement of universal primary education (UPE) by 2015 is one of the two education-related international development targets.[3] As such, it is at the core of international development cooperation for education. However, it is important to consider the relationship between efforts to achieve this goal and this project's concern with education for competitiveness.

It is clear that a curriculum for competitiveness needs to be operationalised in order to have any impact. If education for all can be achieved and it can be in the form of a learning experience that enhances personal, enterprise and national competitiveness, then it will have a major impact on development in our project countries and elsewhere in Africa.

[3] The other is gender equality in primary and secondary enrolments by 2005.

However, it should be noted that delivery of universal primary education in Africa as a whole by 2015 is far from certain. 16 African countries had falling primary enrolments in the first half of the 1990s, although Uganda and Malawi are examples of major enrolment increases in the mid to late 1990s. By 2015, on current trends, 75% of those out of school globally will be African. The serious enrolments' shortfall in African basic education shows a massive gender imbalance, with two-thirds of those not in school being girls. Globally, 42 million less girls are in school than boys (Oxfam 1999) and seven out of the ten countries with the worst proportions of girls to boys in primary schooling are African (Brazier 1999).

The average African child entering school in 1999 was likely to get between four and six years of education, according to current trends. Their counterparts in an OECD country could expect an average of 15 to 17 years (Oxfam 1999). Even if current quality was high, it is inconceivable that children in Africa on average would learn as much valuable knowledge, skills and attitudes as their OECD counterparts in a third of the time. If education is an important contributor to development, then this appears to disadvantage Africa's development hugely.

It seems clear from the evidence surrounding enrolment and retention that both quality and cost factors are crucial to improved attendance (Ridker 1997; Oxfam 1999; Stromquist 1999). We have argued that a curriculum for competitiveness is a necessity not a luxury. However, it is apparent that it must be focused on efficiency and tightly controlled costs, as well as proven outcomes, if it is to be successful. Where schooling is perceived as improving in quality and is affordable, then there is likely to be an enrolment increase.

We have made it clear already that a curriculum for competitiveness must necessarily look beyond the confines of universal primary education. The strength of the Jomtien vision of education for all (World Conference on Education for All 1990) was that it stressed the basic learning needs of all, whether in school or not, and sought to link these, although less than comprehensively, with the world-of-work. It is essential to learning-led competitiveness that a commitment to universal primary education should not detract from a focus on all the necessary elements of skill and knowledge that are vital to development.

A focus on UPE runs the risk of focusing too tightly on the quantitative measures of getting children into schools and thus missing the bigger picture of what their education is for. Several of our research papers (Afenaydu 1997a and b; King 1997; McGrath 1997a and b and 1998a, b and c; Oketch 1997) argue that education policies should be far better grounded in an understanding of what is happening both across the sector as a whole and trans-sectorally. Currently, planning in the education sector is insufficiently based on an understanding of the issues in other sectors or on national development strategies more generally. Clearly, this is very challenging for capacity weak ministries in Africa. Equally, it is an area to which international cooperation agencies need to pay ever more attention.

PROPOSITION 3.5.	Universal primary education (UPE) may be most likely achieved where costs are controlled tightly and quality can be seen to be improving. This suggests it should be tied more clearly to a consideration of curricular content and its relevance for development. Thus, UPE and a curriculum for competitiveness should be seen as complementary strategies. However, an important lesson from a learning-led competitiveness focus is that considerable attention must also be paid to increasing access to post-basic learning opportunities.

3.5. CONCLUDING COMMENTS

There has been too much emphasis in educational research on simple linkages between education and the economy. In reality, such relationships are highly complex. If this research is taken together with evidence from SME surveys, it is possible to suggest that a considerable amount of education may have some significant impact, but that a partial, or even complete, basic education cannot be shown conclusively to have such an effect. The broader lesson, and that a tentative one, seems to be that the development of sustainable livelihoods in competitive market niches requires basic education to be built upon by other inputs of knowledge and skills, and by other non-educational inputs and environmental factors.

What is of particular interest for this report is the international focus on the development of a curriculum for competitiveness. Whilst this inevitably will take individual national forms, these seem to have a common framework that blends together attention to knowledge, skills and attitudes. The challenge of globalisation for education systems points to the importance of further developing such approaches.

Nonetheless, it should be remembered that a curriculum for competitiveness is only one aspect of a holistic approach to education. Education is not, and should not be, solely about developing competitiveness or entrepreneurship. Rather, the overall challenge is to find an acceptable way of balancing these needs with other cultural, political and social objectives that are equally legitimate. The discussion of these, however, is outside the remit of this report.

Thinking about a curriculum for competitiveness also points to the need to think holistically at the intra-and inter-sectoral levels. Education for competitiveness implies that the education system is planned, managed and delivered in ways that reflect a close understanding of the broader contexts of education and goals of development. As we noted in the introductory chapter, this requirement is likely to be onerous both for national ministries and development cooperation agencies. Nonetheless, it is an imperative that must be addressed. At a less ambitious, but still challenging, level, it is important that the education sector be seen as a whole sector. As we have shown, there is a danger in the emphasis on basic education that it will be forgotten that basic education can provide only some of the necessary skills and knowledge for sustainable livelihoods and enterprise development. Far more policy attention needs to be addressed to the way that basic education

can be supported by and, in turn support, the other modalities of provision, both within and outside the education sector.

The challenges of enterprise and competitiveness in education systems are complex ones and simple answers should not be expected. The argument that a lean curriculum is all that it is feasible to provide is a powerful one. However, if learning-led competitiveness is to be part of the core of national responses to globalisation, as much of the literature suggests, then it is not possible to focus education within Africa more narrowly than elsewhere in the world. Undoubtedly the challenge of developing and providing a rich learning experience in many African contexts is very difficult. However, if it is not done then African countries and peoples will fall even further behind in the race to reap the benefits of globalisation and to avoid its worst problems.

Whilst being ambitious about the challenges that must be surmounted, it is important to remain honest about the constraints faced. All three countries researched can be seen as taking positive steps towards a curriculum for competitiveness, but significant weaknesses remain. Policy uncertainty, as over the status of the *Master Plan* and TIQET in Kenya, serves to undermine the efforts of both educators and students. Implementation weaknesses are evident in all three countries and must be addressed in the planning phase of both new programmes and revisions of existing models. Resource constraints also affect all three countries, even the relatively wealthy South Africa.

The Ghanaian evidence on aspirations is suggestive of some degree of ability of the school to change attitudes towards self-employment, apparently as a result of curricular specialisation. However, students' interest in self-employment appears to be closely related to their perceptions of the extent to which school has prepared them for self-employment. Quality, relevance and certification are important areas here. The challenge in promoting a self-employment orientation among students is in focusing this more sharply towards learning-led competitiveness. This issue will reappear when we turn in the next chapter to look at training and its contribution to competitiveness and labour market insertion.

CHAPTER FOUR: TRAINING FOR SELF-EMPLOYMENT AND FOR COMPETITIVENESS

4.1. INTRODUCTION

After considering the learning enterprise and the contribution of education to competitiveness and enterprise development, in this chapter we turn to the role that skills development plays in developing enterprises.

As part of this exploration, we shall examine the performance of three African public training systems in meeting the challenge of preparation for self-employment. We shall also consider the notion of the responsive vocational training provider and how this relates to the challenge of upgrading skills development for enterprises of all sizes. If training providers are themselves not capable of providing competitive training, then the prospects for their clients are likely to be limited. We shall also consider the performance of indigenous systems of skills development and the possibilities and desirability of interventions in these.

In making this exploration, the issue of context stands out very powerfully. Whilst education systems internationally have a considerable degree of homogeneity, training is far more diverse in its national forms. All three countries have significant and broadly comparable public sector training systems. However, their private training systems are more varied. Ghana is part of a West African tradition, both Anglophone and Francophone, where local systems of apprenticeship in SMEs are highly developed and are the principal route to skills development. In South Africa, either through industrial apprenticeships, learnerships or other forms of training, skills development has largely been concentrated in large and medium firms and there is little sign of a local apprenticeship system. Kenya occupies an intermediate position. Whilst the jua kali system is a major skills provider, this is not as formalised a model as is typical in West Africa. Moreover, the role of larger firms in skills development for jua kali appears to be more significant than in the Ghanaian case.

4.2. THE IMPORTANCE OF SKILLS DEVELOPMENT FOR LEARNING-LED COMPETITIVENESS

Forces in the wider international economy point to the need for a major restructuring of skills development provision. The International Labour Office's (ILO)*World Employment Report 1998-9* (ILO 1998) lays out some of the central elements of the challenge. Globalisation and Post-Fordism lead to greater demand for higher skilled labour. Therefore, there is an increased need to invest in training. Training also needs to become more flexible as work organisation and technologies change and this brings a need for an improved cognitive content. Whilst education and training are not the whole solution, they can contribute significantly to an economy's employment generating capability. The end of the notion of a single career path over a lifetime and the need for frequent reskilling within skill areas both point to the importance of lifelong learning. Therefore, training must prepare individuals with the tools to be able to shift focus later on and must provide opportunities for retraining later in life. In a globalised economy, lack of skills is an important element of social exclusion.

Thus, there is an urgent need to direct training towards social inclusion as well as competitiveness (ILO 1998), although it is important to note that there is very limited evidence regarding success of training for social inclusion programmes (Bennell 1999).

Just as skills development is not strongly reflected in poverty eradication policy, so poverty eradication is not readily apparent in skills development policy. At present, the ILO is the only agency to put skills development at the core of its pro-poor agenda (Bennell 1999). It is important that its vision of training for employment, productivity and social inclusion be seen as an integral part of the overall social development vision. By focusing narrowly on basic education and health, as we have argued in previous chapters, there is a real danger that the pro-poor vision of the Copenhagen Summit and the international development targets will themselves be impoverished. It is important that social development should not be driven by narrow economic concerns. Nonetheless, a claim to be about poverty eradication that makes no attempt to address broader economic challenges and opportunities is a very hollow one indeed.

PROPOSITION 4.1.	Globalisation serves to heighten further the importance of skills development at the macro-economic level both for poverty eradication and sustainable growth. The absence of skills development from the international development targets, however, has the effect of marginalising training as an element of a comprehensive development strategy.

4.3. TRAINING FOR PRODUCTIVE SELF-EMPLOYMENT: THE ROLE OF PUBLIC TRAINING PROVIDERS

Although not a core element of international development strategies, training continues to be seen by many African governments as an important element of industrialisation strategies. Within training policy and provision, an increasingly important area of concentration is the encouragement of vocational training institutes (VTIs)[1] to shift their focus towards preparing students for self-employment. However, the extent to which this has happened and the number of students making successful transitions to self-employment are in need of examination. It seems that policies have typically been too poorly focused on exactly what they expect from VTIs and this has resulted in the lack of a sufficiently coherent vision at the institutional level. Moreover, the weaknesses of the VTI should lead us to be cautious about the ability of institutions to manage a successful transformation programme (Grierson and McKenzie 1996).

The reform programmes have also failed to pay sufficient attention to the obstacles to their goal of putting VTI graduates into self-employment. As McGrath and King (1995) argued, there is typically a considerable time period between training and the successful transition to self-employment. For instance, average age at enterprise start up in Zambia has been found

[1] VTI will be used in this chapter as the generic term for all non-advanced training provision. In both Ghana and Kenya, there are a number of different types of institutions which form sub-classes of the VTI category. Where reference is to a particular sub-class, it will be mentioned by name.

to be 35 (Mørck von der Fehr 1995). Graduates of VTIs too often lack experience, confidence, contacts, capital and equipment.

4.3.1. Kenya

There have been varying experiences of policies and programmes of training for self-employment in our three project countries. With support from UNDP and ILO, during the early 1990s Kenya developed a series of small business centres (SBCs) as part of an attempt to promote entrepreneurship amongst students in technical training institutes, institutes of science and technology and polytechnics. A central focus here was on assisting students to develop business plans and this was subsequently made part of the official curriculum. However, as Ferej (1996) makes clear, the shortness of the input, the poor staff preparation and the artificial nature of the exercise made success inevitably limited. Moreover, whilst the programme was declared a success at the evaluation stage, subsequent accounts from the institutions tell a radically different story (McGrath 1998b). Good staff have proved hard to retain; one leading training institution reporting five different SBC directors in two years. Also, there is widespread anecdotal evidence of business plans being treated the same way as many other academic exercises, with copying rife and submission of plans totally unconnected to students' areas of training common (McGrath 1997a). It appears that the programme has failed to become successfully sustainable after the ending of the donor-supported phase (McGrath 1998b).

Kenya was also the site of one of the national programmes for the ILO's skills development for self-reliance (SDSR) project. Here, there was an attempt to support existing training provision through rapid market appraisal; additional training arising out of this demand determination process; credit; and follow-up services. However, this too proved to be a highly donor-dependent project and was not sustainable (McGrath and King 1995).

Another innovative programme was the linkage between Jomo Kenyatta University of Agriculture and Technology (JKUAT) and the University of Illinois to establish an enterprise education programme. Whilst JKUAT seems to be producing a capable group of MSc graduates and a series of interesting dissertations, the broader impact of the programme is less apparent (Oketch 1995; McGrath 1997a).

In spite of these and other major interventions in the Kenyan training system, there is a continuing weakness of training policy whether directed at the larger, formal sector firm or at the needs of the jua kali sector. The system appears to be driven by projects rather than an overall vision. In the light of the *Master Plan's* claim to be for both education and training (Republic of Kenya 1998), the status of attempts to develop a national training strategy (McGrath 1997a) remains unclear. Whatever the strengths and weaknesses of the *Master Plan* as a blueprint for education reform, the use of training in its title is not sufficiently reflected in the concerns of the text.

It is not surprising, therefore, that in spite of the projects noted above and others, there is no conclusive evidence that Kenyan training institutions as a whole are adequate providers of training for self-employment. Indeed, the evidence found by Oketch's survey of providers is, on balance, negative about the success of graduates in accessing self-employment. However, it should be noted that the lack of tracer studies makes it difficult to judge success with any certainty (Oketch 1999).

The Kenyan reforms have tended to be project-driven rather than systematic. They have left unanswered important questions such as whether training for self-employment means more than introducing enterprise education or whether different technical skills than those needed in the formal sector are required.

Massive reorientation and insertion into sustainable self-employment of training institution students were never really likely. There are huge barriers to successful rapid transitions from formal training to sustainable self-employment. Whilst many training graduates are undoubtedly entering the jua kali sector, it is crucial to have detailed knowledge of whether this is entry into the more sustainable levels and niches that their training intended them for or into bare survivalist activities where little or none of their skills are utilised. This was illustrated by the account of one technical training institute principal. She agreed that her students did aspire in the main to self-employment. However, instead of graduating into the jua kali sector, as they anticipated, they found themselves limited to hawking activities, lacking as they did the capital, skills and experience to break into an already heavily populated sector (McGrath 1997a).

Attitudinal data regarding students in vocational training institutes also provides some interesting information. Kerre and Oketch's survey suggests that it is those in lowest status training institutions who reflect the greatest interest in being self-employed. This can be read as showing that they are being realistic about their future. This seems to agree with the general perception within the sector that Youth Polytechnic graduates are those most likely to persevere in jua kali activities (King 1999). However, it should also be noted that Kenyan data gathered for this project suggests that this group appear to be the least successful technical graduates in the jua kali sector in terms of their ability to access high value niches (Oketch 1999).

Crucially, this data on student attitudes and aspirations across public training providers reflected the same occupational aspirations as school students (see Chapter Three above). Male students favoured doctor, lawyer, teacher and accountant; female students preferred nurse, teacher, accountant and lawyer. This is quite striking given that these students are on vocational courses in other areas. The aspiration to further study is still strong in this group. 32% of the post-secondary[2] grouping wanted to obtain a further qualification (Kerre and Oketch 1999). This mismatch between aspirations and attempts to reorient training towards self-employment may well arise from students using some types of public training providers as a second chance route to further educational studies. Whatever its origin, the mismatch has been identified as a central obstacle to successful reorientation of these providers (Grierson and McKenzie 1996). They argue that it is vital that there be consistency between selection of students and the training provided to them. Otherwise, training cannot achieve optimal efficiency. This anticipates an issue to be considered later in this chapter: whether training for those already engaged in SME activities is a more efficient option than pre-service provision.

[2] The sample included youth polytechnic students who do not require a secondary certificate for admission. They are excluded from this sub-set even though some individuals may have completed secondary schooling.

4.3.2. Ghana

In Ghana, too, there has been a slowness to develop clear policy guidelines. Although the National Coordinating Committee on Technical and Vocational Education and Training (NACVET) was established in 1990 as an attempt to coordinate activities across diverse agencies, Ghana is only just developing a comprehensive national training policy at present. Again as in the Kenyan case, it has been donor-supported projects that have tended to be more significant than any policy statements.

The Canadian International Development Agency is strongly supporting Technical Training Institutes to have a secondary focus on informal sector skills upgrade. A large Department for International Development project has gone further and targeted lower status National Vocational Training Institutes and sought to move them much more towards self-employment (McGrath 1997b). This project has been favourably evaluated (Honny 1999) and its prospects seem good in the light of the evidence, from both Kenya and Ghana, about higher levels of self-employment aspiration among students in lower status institutions. Nonetheless, the worries about the quality of provision in such institutions suggest caution about the ultimate success of these students in achieving labour market success.

In the technical and vocational sector in Ghana, there is a distinction between aspirations of students at different types of institutions. At higher status technical training institutes, 22% of those sampled wanted self-employment and 17% expected it (Afenyadu 1998a). Honny (1999) reports that 36% of his sample of lower status National Vocational Training Institute students wanted self-employment.[3] The trend towards lower levels of self-employment aspiration in higher level institutions, also found in Kenya, is contradicted by the case of Kumasi University of Science and Technology, where 25% of those sampled recorded a desire for self-employment (Afenyadu 1998a).

In explaining the technical training institute data, Afenyadu argues that

> Apart from the lack of active promotion of self-employment, the low aspirations of technical training institute students for self-employment may be due to the fact that they genuinely do not perceive themselves as acquiring enough technological capability to venture into self-employment and international competition even after having shown appreciation for entrepreneurial skills being delivered to them. In other words, the issues are lack of technological confidence as much as lack of promotion of self-employment and international competitiveness (Afenyadu 1998a: 34).

Thus, issues of quality and status do seem to be crucial, although it is important to remain mindful of the relatively small samples involved both in Ghana and Kenya. In line with the conventional critique of VTIs, the majority of public and private trainers are seen to lack either work experience or pedagogic training (Afenyadu 1998a). The system is characterised by poor quality equipment and resources and is perceived as having poor status (Abban and Quarshie 1996; Afenyadu 1998a). Polytechnic students report that they lack the skills/knowledge base for technological confidence, capability for product development and adaptation and sustainable production (Afenyadu 1998a).

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[3] As with Kenya, Ghana has a hierarchy of public training providers where status and entry qualifications have traditionally been closely correlated. NVTIs rank lowest in entry requirements, followed by TTIs, polytechnics and, at university level, Kumasi University, a former "Institute of Science and Technology".

However, these problems affect preparation for wage employment as much as self-employment. Moreover, the figures for aspirational levels are indicative of a readiness, even amongst students in higher status institutions, to look to SME activities. Afenyadu's analysis suggests that such a readiness can be improved by a targeted focus on making training more competitiveness oriented.

4.3.3. South Africa

South Africa has seen considerable attention to the issue of training policy, with a number of reports and policy papers over the last two decades (McGrath 1996). However, attention has been almost entirely directed towards wage employment in larger firms. In keeping with this, training providers have been even less successfully linked to self-employment than in Kenya or Ghana. Nonetheless, some technical colleges are beginning to address the issue of training for self-employment (McGrath 1998a and c), although this is not yet a major trend, and is weakened by an apparent hesitancy about self-employment from the Department of Education (McGrath 1998c – see below).

The Ntsika Enterprise Promotion Agency (established by the Department of Trade and Industry) has started the Technopreneur Project (McGrath 1998c). Now in approximately 20% of township colleges, this is targeted initially on training graduates and offers market needs analysis, targeted technical training, entrepreneurial training, credit, hive facilities, sub-contracting, mentoring and follow-up once the hive has been left. Ntsika plan to expand this project to all 64 township technical colleges by 2001. However, given the challenges of transformation facing many of these institutions, this and other innovations will be difficult to implement.

Colleges have also begun other projects of their own. The "historically white" Pretoria College, for instance, has turned "interest classes" (e.g. upholstery and photography) into entrepreneurial preparation. This has been accompanied by a significant shift in clientele in terms of gender, class and ethnicity, although some of the traditional white, female, middle-class clientele are also seeing the entrepreneurial potential of such courses, particularly in the niche of interior design. In Pretoria's townships and satellites, the "historically black" Atteridgeville and Soshanguve Colleges have both established "multiskilling" units to cater for informal sector builders (McGrath 1998c). These centres seek to provide skills training across the range of areas needed in basic house construction through short modular programmes. How well technical colleges are able to respond to the Department of Labour's vision for SME incorporation into its learnership programme (see below) remains to be seen.

Part of the challenge facing South Africa's efforts to address training for self-employment is the division of responsibilities across departments. Whilst the Technopreneur Project is under Ntsika, the main responsibility for training is split between the Departments of Education and Labour. Moreover, the constitutional settlement has left technical colleges under the authority of the nine provincial education departments. Thus, demand side policy (but radically reduced provision) lies under the Department of Labour; supply side policy primarily under the national Department of Education and line management of provider institutions under provincial departments.

The Department of Education developed a policy for what it calls the Further Education and Training Band in 1998. In practice, the policy is largely one for technical colleges. The

policy process, however, is problematic in terms of the promotion of training for self-employment. Both the National Committee for Further Education (NCFE) Report (Department of Education 1997c) and the subsequent Green Paper (Department of Education 1998) contain occasional references to the needs of small and micro enterprises (McGrath 1998c). The White Paper (Republic of South Africa 1998b), however, makes the inadequate treatment of the issue even worse by explicitly moving away from a detailed discussion of economic contexts and through critiquing the Green Paper for being "economistic". However, this critique is a fundamental misreading of the Green Paper (McGrath 1998a). By equating economism (a reduction of the rationales for education to a simple economic function) with an attempt to understand the economy, the White Paper threatens to undermine both a self-employment and an equity focus:

> In spite of the stakeholder criticisms of the Green Paper, there is far too little analysis of the economic context. There is not one single mention of local economic development or of provincial attempts to niche themselves industrially. There is no sense of an industrial strategy, nor of what a national system of innovation means for the FET [further education and training] sector. (McGrath 1998a: 12)

As a result, the Department of Education's view of the importance of self-employment is weak and underdeveloped. Within the Department there appears to be a reading of the SME sector which sees it as exploitative and survivalist (Rensburg 1996; Lehoko 1997). However, there is no attempt to focus on the possibilities of emergent enterprises, of positive linkages with larger firms or with arguments about globalisation and economic trends favouring smaller enterprises. There is little or no help given to colleges by the national policy in creating an approach to this important non-traditional clientele (McGrath 1998c). Indeed, the "National Strategy for Further Education and Training" (Department of Education 1999) makes no mention of training for self-employment whatsoever.

Whilst the Department of Education has responsibility for developing policy for these key training providers, the Department of Labour has responsibility for training policy as it relates to labour market demand. The Department also has developed a new policy (Department of Labour 1997). Whilst primarily oriented towards medium and large firms, the policy does seek to engage with the needs of smaller firms (King 1997; Kraak 1997; McGrath 1998a). At the core of the new Skills Development Strategy is the introduction of learnerships, designed to meet the skill needs of all enterprises and of community development. These are designed to rejuvenate numbers in the largely collapsed formal apprenticeship; to enrich its content; and to extend it across all economic sectors.

Box 4.1. Learnerships

One of the core elements of the Skills Development Strategy is a new system of learnerships. According to the Department of Labour, "Learnerships are primarily workplace learning programmes supported by structured institutional learning which result in a qualification." (Department of Labour/German Technical Cooperation 1999: 1). These will be wider ranging sectorally and by NQF level than under the older apprenticeship system. Moreover, learnerships are not just aimed at the employed but also pre- and un-employed. Crucially, the Strategy makes it clear that the learnership notion should apply across a variety of employment and self-employment sites, including the small and micro-enterprise sectors (SME). This has meant thinking how to deliver to small and micro-enterprises the crucially important work experience, embedded knowledge and competencies and other requirements of the learnerships.

There are certain to be difficulties in arranging this; but what is clear about the South African proposals, even from the discussion in the Green Paper alone, is that in contrast to many other countries in Africa where there are effectively two training systems, the so-called traditional or informal apprenticeship and the so-called modern, the intention is clearly to have a single national system, if at all possible.

There is thus the aim to develop learnerships in all the twelve learning fields - from Agriculture to Construction and to make them all fully in line with the requirements of the National Qualifications Framework. It is then necessary for the Green Paper to anticipate that there will need to be "special arrangements for target groups" if they are to be satisfactorily included in the national scheme. This means that those specially disadvantaged by South Africa's peculiar history, or by gender or location or disability can look to training participation by the state leveraging the forthcoming levy funds to ensure their participation in the new national system.

The Green Paper is also unusual in giving attention to those who are expecting to become new entrepreneurs. Again, this is evidence of a desire to fashion, in the new learnership system, a scheme that is genuinely national. The aim is to avoid for South Africa the rigours of the German system where entrepreneurship may only follow full skill acquisition and to recognise that many tens of thousands will annually have to become self-employed because there is no other option. Seeking to accommodate to the national system their particular requirements and experiences of work may well prove difficult, but at least the intention is to make them candidates for learnerships and thus national qualifications. However, it is clear that there are challenges both in developing SME learnerships that are equivalent to those for larger firms but appropriate to SME needs, and in moving away from the dominant position of organised business and labour. There had been calls from the small enterprise policy community that all learnerships should include an entrepreneurship focus. However, in policy documents to date, there is simply an acknowledgment that entrepreneurship-oriented modules are likely to be an optional element. Nonetheless, given the appointment of a sub-committee within the learnership process to look specifically at smaller enterprises there may well be a shift towards a stronger self-employment focus within all learnership programmes.

Sources: Department of Labour (1997); King (1997); Department of Labour/German Technical Cooperation (1999); McGrath (1999).

The challenge of getting the new system of further education and training established has been a difficult one. The Department of Education's White Paper (Republic of South Africa 1998b) makes clear the length of time that will be needed to establish the new system. As research on colleges makes clear, there have been a few pro-active attempts to engage with the NQF, but most institutions have adopted a "wait and see" policy (Fisher, Hall and Jaff 1998; McGrath 1998a and c). There are considerable institutional weaknesses at college, provincial and national levels that are also likely to act as blocks on implementation.

The training system too has taken longer than originally expected to develop new and innovative practices, although it is clear that important conceptual and practical advances have been made. Through constructing a powerful and holistic reading of the weaknesses of the inherited training system, the Department of Labour has given itself a massive task in the attempt fundamentally to overhaul the whole system. Naturally, this leads to some concern about the feasibility of delivery in the light of resource constraints.

Lacking local training systems such as in the Ghanaian and Kenyan cases, South Africa faces a particular challenge in developing the learnership programme. In Ghana, Kenya and countries such as Mali and Côte d'Ivoire (Carton 1999), interventions to strengthen training for self-employment have sought to build on existing systems and stakeholder activities. South Africa simply does not have anything like the same base upon which to build. The learnership is also a more ambitious approach than in many countries as it is explicitly for all sizes of enterprise and all degrees of formality. There are considerable merits in proposing that there should be no formal – informal dichotomy in training provision and that qualifications should promote portability across such divides. However, caution is required about the size of the challenge of constructing a training system that meets the needs of such diverse populations. In particular, attention will continue to need to be paid to the potential tension between a desire to offer coherent and theoretically grounded whole qualifications and a demand for short, targeted and practical stand-alone modules. A sub-committee on small, medium and micro enterprises (SMMEs) began work in October 1999 to seek to provide a stronger and more sophisticated SMME focus to the Department of Labour's policy than is currently evident.

PROPOSITION 4.2.	At both the institutional and policy level, there has been an increasing focus in the project countries on training for self-employment. There are examples of innovative practice and improved outcomes in a number of institutions. However, overall there remains an insufficiently tight focus at the institutional level on determining demand for programmes, selecting appropriate students and delivering on suitable outcomes. This is exacerbated by a general policy weakness in analysis of the issues surrounding training for self-employment.

4.4. THE RESPONSIVE VTI

A major part of the weakness of VTIs in preparing students for competitive niches in self-employment or wage employment in successful SMEs is the inability of vocational training institutes (VTIs) to respond adequately to global and local economic changes. This is reflected both in their slowness to respond to the policy message that they should increasingly focus on self-employment and their inability to shift training provision so that it adequately prepares students to access viable employment in all sizes and types of firms. As Grierson and McKenzie argue,

> VTIs cannot hope to impart market survival skills without market involvement. Successful vocational training for self-employment will need to find effective ways of involving local enterprises and industries from both the formal and informal sectors (Grierson and McKenzie 1996: 30-1).

It is important to know how VTIs are responding to a challenging new environment. However, there is a weakness of evidence in this regard and, in particular, a lack of tracer studies of what activities students enter on or after graduation. Although what follows is concerned primarily with state provision, it should be remembered that many of the same problems are also likely to apply to private and NGO training.

4.4.1. South Africa

Even in South Africa, where this kind of debate is better developed, the challenge of moving beyond the traditional school leaver focus and towards a lifelong learning orientation remains poorly addressed, with more than 80% of students aged between 17 and 26 (Fisher, Hall and Jaff 1998).

Technical colleges in South Africa have also become more weakly linked to medium and large employers over recent years. There has been a reduction in numbers of sponsored students, reflecting a fall in apprenticeships, a reluctance on the part of employers to train and a perception that technical colleges, in any case, are not suitable places for the training of their employees (Fisher, Hall and Jaff 1998; McGrath 1998a). This links to three of the major problems facing the technical college system. First, it exacerbates problems with student finance and access. Second, it reduces the possibility for work placements and, hence, for employment post-qualification. Third, it reinforces a financing system that has encouraged student recruitment but has not sufficiently focused on successful completion of study or labour market insertion.

At the same time, these colleges, like the rest of the South African system, have struggled to identify potential linkages with the SME sector. It is clear that there are not the same opportunities here as in Ghana or Kenya, given the lack of either a strong informal training system in manufacturing or of powerful artisanal associations.

One of the greatest challenges for South African technical colleges lies in upgrading quality. Increased access and participation are required but these must be tied to better results and relevance. At present 59% of those enrolled pass (Fisher, Hall and Jaff 1998). In line with the NQF, there is a need to promote lifelong learning. However, there are few libraries and resource centres and these are often under-resourced. Guidance and job placement services

are poor. Quality assurance mechanisms are rarely in place and are typically inadequate when present (Fisher, Hall and Jaff 1998). These issues affect the possibility of developing provision that can contribute to learning-led competitiveness, regardless of enterprise size.

Market responsiveness is another part of the technical college challenge. The reliance on private candidates will need to be addressed and the related weakness of work experience (McGrath 1998c). In particular, the problems of engineering will need to be solved. This mainstay of technical college provision has been judged to be the worst subject, in large part due to its divorce from practice (Fisher, Hall and Jaff 1998). Some technical colleges have good links with training centres in industry in order to get students access to more relevant machinery but many others have not (Fisher, Hall and Jaff 1998). How this is affected by any growth in a self-employment focus also needs to be considered in order that improved quality of provision should serve small as well as large enterprise needs.

Some concern with responsiveness can be seen in the trend of colleges to introduce new courses and facilities directly targeted at the RDP-linked expansion of house construction in townships and informal settlements (McGrath 1998c). Considerable possibilities also appear to be present for colleges in the growth of business linkages (Visser 1999b) and the development of spatial development initiatives and other industrial projects. These trends suggest clear market niches for specific training products. Moreover, these are niches that will allow colleges to reach non-traditional small enterprise clients. The challenge for colleges is to develop the ability to respond to such opportunities. Examples such as the Atteridgeville multiskilling centre above have grown out of corporate responsibility funding (McGrath 1998a). There is a challenge, noted in the Department of Labour's Skill Development Strategy (Department of Labour 1997), to ensure that state and levy funding of training also encourages greater training responsiveness. This will be a major determinant of the success of the new learnerships, which must reflect a heightened ability of training providers to deliver on training which is demanded by the market and which can enhance competitiveness and productivity.

The Department of Labour has identified the importance of labour market data. Without it, the notion of a responsive college seems fatally flawed. Currently, there is an absence of vital data within technical colleges and even weaker analysis. Crucially, "there is little systematic collection of information about student destinations" (Fisher, Hall and Jaff 1998: ix). In their survey of technical colleges in Gauteng Province, the National Business Initiative found that 15 out of 33 institutions failed to make any returns when asked about placements; and 12 reported less than 50% success (Fisher, Hall and Jaff 1998). It is encouraging to note that some technical colleges have begun to track students (McGrath 1998c; Fisher, Hall and Jaff 1998). As the Department of Education is committed to tackling this issue, improvement is likely to take place but there is clearly a capacity problem at present. Part of the challenge here will be extending emerging linkages with industry to smaller enterprises.

Linkages to industry are problematic for some institutions. As noted above, the apartheid legacy of South Africa has led to some technical colleges existing far away from a local industry base and even further away from the likely destinations of their graduates. What to do with these institutions is a very thorny problem for provincial education departments (McGrath 1998a). Colleges typically have no history of working with SMEs, particularly black ones. This will be one of the greatest challenges ahead.

The more dynamic technical colleges also fear that their responsiveness is still being undermined by bureaucratic procedures, most notably over curricular reform, which have not yet radically changed. Technical colleges are being encouraged to be more responsive to industry of all sizes but the system makes this difficult (Fisher, Hall and Jaff 1998):

> no more than a dozen new courses have been introduced in the last three years. There are examples of new partnerships being forged with employers to develop customised training, and some colleges have introduced programmes designed to encourage people to set up their own businesses, but such innovations are exceptional. (Fisher, Hall and Jaff 1998: x).

4.4.2. Ghana

In Ghana, too, market responsiveness is poor and there is little evidence of a sufficient focus on demand determination mechanisms. Institutions' own development of tracer mechanisms is rare (Honny 1999).

However, Ghana is addressing institutional upgrading and capacity building. There has been the promotion of a number of institutions to polytechnic level, although serious doubts remain about the concomitant process of capacity building. There have also been a series of donor-supported programmes, aimed in part at institutional development in the various types of VTIs. Current Ghanaian policy includes the development of degree programmes aimed at the management of public training providers. This is linked to the importance in a more marketised environment of selling the courses of these institutions more actively but raises the issue of how this can be done in the context of severe resource constraints. As we shall see below, much of the drive towards greater responsiveness is linked into major interventions designed to connect the formal training system with the provision of the SME apprenticeship system.

4.4.3. Kenya

Central to the challenge facing training institutions in Kenya, as in the other two countries, are major concerns about the quality of training provision. Equipment is not being maintained and technologies are outdated (Republic of Kenya 1998). Staff are increasingly engaged in other activities and staff development at VTIs is very poor (Oketch 1999). Oketch sums up the problem thus:

> Due to the overall reduction of public expenditure as a result of the structural adjustment programmes, most government assisted vocational training institutions are experiencing serious budgetary constraints. Accordingly, these institutions can neither afford nor maintain technology required in updating programmes. (Oketch 1999: 6)

Responsiveness is also an issue. Improved links to local industry, both large and small, and to the host community are acknowledged as important but few institutions stand out here. There is a lack of universal work placements, of adequate curricular responsiveness and of tracer studies (McGrath 1997a; Republic of Kenya 1998).

Institutions are showing increased attempts at responsiveness to new conditions. All of the institutions surveyed by Oketch had mission statements and most emphasised "their desire to link their training directly to skills required by the labour market" (Oketch 1999: 12). Two-thirds of these are new missions identified in the 1990s to reflect changed contexts. Curricular change is occurring in several institutions and there is some introduction of evening classes, which are often more attractive to those already employed in the jua kali sector (Oketch 1999).

Increased cost recovery is in many ways the most problematic element of Kenyan training policy. In line with government policy, many institutions are pursuing quite an active strategy of cost recovery, either through fees or production units. However, the policy has failed to consider the possible negative impacts of these on equity in enrolments and local industry respectively (McGrath 1998b). There is evidence of a shift of institutional resources to business activities at the expense of training and it is argued that the increase in fees is impacting upon enrolments (Oketch 1999). The greater cost recovery does not seem to be leading to training becoming more competitive. Moreover, in so far as it undermines local jua kalis through subsidised production, it is actually negatively impacting upon the ability of entrepreneurs to maintain sustainable niches. The challenge is to see how cost recovery can be developed in ways that strengthen institutions and their linkages to their community and its enterprises. For instance, cost recovery through evening hire of equipment or staff advice to jua kalis could be further investigated as means of raising income, providing valuable services and increasing mutual understanding.

4.4.4. Cross-national issues

A number of important issues can be charted across the three project countries. There are signs of improvement but institutions are still not responsive enough and simply lack a culture in which training provision is driven by determination of actual demand or realistic projections of future skills requirements and equity considerations. In part, this relates to institutions' lack of data regarding the destination of students or requirements of enterprises, particularly smaller ones. It is also a product, though less so in South Africa than in much of the continent, of a historically major dependence on donors in the funding of elements of public training provision.

Better VTI links with enterprises are everywhere a policy imperative. Nonetheless, there are very powerful constraints on the ability of provider institutions to enter into closer relationships with enterprises of whatever size. At the heart of VTI - enterprise links conventionally has been the industrial placement. However, the weakness of large enterprises in Ghana and Kenya, and the frequent reluctance of such enterprises in South Africa to train, have been coupled with the rise of the private candidate to produce a situation in which the majority of VTI students are unable to acquire placements. The severity of the problem is shown by Tanzania data, which finds only 10% of public sector trainees obtaining placements (Bennell 1998).

At the same time, existing funding mechanisms for public training institutions mean that their financial viability is not sufficiently driven by concerns about placements and relationships with enterprises. It is difficult to criticise VTIs for behaving rationally in the face of the system that confronts them.

Levies are used in many countries, and have recently been revamped in South Africa. However, it is apparent internationally that levies have a mixed impact and run the risk of encouraging less rather than more training to actually take place (Bennell 1999). Thus, there is still much to be done to make public training providers adequate supporters of learning-led competitiveness in the medium and large enterprise sector.

The relationship between VTIs and the SME sector is even more problematic. Few VTIs have any sense of the needs and realities of such enterprises. Whilst some Kenyan VTIs have sought to explore the possibility of jua kali work placements, there is considerable reticence within the SME sector of being drawn into the bureaucratic ambit of formal relationships. There is also a concern about student insurance whilst on placement, an issue that also affects placements in larger firms. More positive moves are being made by some Kenyan VTIs to open their facilities to small artisans, for instance, through evening use of heavy equipment on VTI premises or doing finishing or other specialist work as sub-contractors to small scale producers (McGrath 1997a). If such links develop, then the gap of understanding between VTIs and producers can perhaps be bridged. Action research to support and evaluate such activities may well be valuable both in Kenya and in other countries. The World Bank projects in both Ghana and Kenya, which will be discussed later in this chapter, have sought to create a more formal link but with apparently varying success. South Africa remains far behind in this regard, although the learnerships (discussed above) are, in part, seeking to address this issue.

Curriculum reform is an important aspect of the drive towards the responsive VTI. Modularisation of training has been an important element of change in some countries. This is being pursued quite actively in Ghana and is at the core of the NQF approach in South Africa. However, caution is required regarding its epistemological and administrative suitability. There is a related concern with making training more competence- or outcome-based, although this has not yet broken the hold of time-constrained programmes.[4] It is worth noting, however, that this is not discussed in the Kenyan *Master Plan*. Here too it is necessary to bear in mind the critique of such approaches in OECD countries, where many authors have questioned the ability of a competence-based approach to improve skills, particularly those perceived as necessary for competitiveness under conditions of globalisation (Barnett 1994; Hodkinson and Issitt 1995). Moreover, it is necessary to examine whether the balance of the argument is different in African contexts.

The adaptation of the curriculum to SME needs is very poorly developed. In Kenya, the tendency has often been to add on items such as preparation of a business plan, rather than really address the training needs of a new or additional clientele. In Ghana, informal sector association involvement in certification has emerged as part of World Bank funded projects (see below). One of the intentions of the most recent such project is to seek to lever change in the mainstream curriculum of training providers (McGrath 1997b). This, however, will be a long term task. In South Africa, the learnership approach could make the curriculum more small enterprise friendly. However, it seems equally likely that it could force training for self-employment to mirror more closely provision for wage employment in large firms, given the drive towards a single system (King 1997; McGrath 1998c).

[4] Part of the logic of a shift to a competency approach is that there is no set time in which a student should become competent. This compares with the traditional assumption that a student will take a course for a fixed amount of time, and either pass or fail.

There are signs that many VTIs are trying to change both the range and content of subjects they offer (Afenyadu 1998a; McGrath 1998a; Oketch 1999). In these attempts, they often feel thwarted by bureaucratic delays. The best balance between institutional autonomy and state oversight still needs to be established. The whole system needs to be driven by a concern to provide quality training related to actual or realistically projected market needs.

PROPOSITION 4.3.	Whilst public training providers are seeking in many cases to become more responsive to the needs of students, business and community, their institutional weaknesses in this regard are often exacerbated by funding mechanisms and bureaucratic regulations. It is important that VTIs be empowered to seek better linkages with enterprises of all sizes.

4.5. TRAINING FOR PRODUCTIVE SELF-EMPLOYMENT: THE ROLE OF INDIGENOUS APPRENTICESHIP SYSTEMS AND OPTIONS FOR INTERVENTION

The bulk of training internationally takes place in enterprises rather than in separate training institutions. In the majority of African countries, SMEs predominate and provide the bulk of skills development. In West Africa, this has become highly formalised into a local form of the apprenticeship system, which is based in SME realities (Fluitman 1989, 1992 and 1994). It is estimated that 90% of Ghanaian training is done in this system (Afenyadu 1999).

For more than a decade there has been a strong argument that the existing African apprenticeship system is the best available training provider (Fluitman 1989, 1992 and 1994; Abban and Quarshie 1996; Ferej 1996). However, it must be remembered that delivery is much more systemic in Ghana and West Africa than in East African countries such as Kenya. There is, as yet, a lack of evidence about any comparable model for South Africa. Moreover, the performance of this system, like any other, must be considered critically.

On the positive side, it is a major provider of skills for future productive activities. It is also far more grounded in sectoral realities than the VTI route. It is an invaluable source of crucial socialisation, work experience and network development: key factors in future enterprise success (McGrath and King 1995). However, there are concerns that the parlous state of the economy and of the SME sector in countries such as Chad and Nigeria can depress both the quality and outcomes of informal sector training (Muskin 1997; Adam 1999). Equally, it is thought to increase both masters' and trainees' desire to have training take place. For the former, training becomes a means of making a living in the face of low consumer demand. For the latter, inability to gain sustainable employment in either formal or informal activities reinforces the attractiveness of being apprenticed, with the hope that markets will soon improve. Where training persistently outstrips consumer demand for artisanal products, large numbers of apprentices are unable to survive as independent workers or gain employment (Abban and Quarshie 1996; Adam 1999; Honny 1999).

The strength of the indigenous systems of apprenticeship also needs to be considered in the light of this project's concern with learning-led competitiveness. It is important to question

whether the system is capable of providing the new skills and knowledge that can help aspiring entrepreneurs to access new niches and design and market new products that are appropriate to local and global economic and technological trends.

Apprenticeship within SMEs in Ghana provides training for large numbers of youth in a variety of trades and demand for this form of training remains high. However, it has been argued that few masters have either qualifications in or a systematic approach to training (Abban and Quarshie 1996). Equally, it is suggested that, over time, a declining number of masters have had exposure to employment outside this sector. This is argued to mean that they and their apprentices are largely locked in to the existing skills and technologies and lack the scientific knowledge to allow key technological advances (Powell 1995a; Abban and Quarshie 1996). For instance, some of the more advanced metal fabrication industries in Ghana's small and micro enterprise sector still lack the basic science relating to heat treatment. Moreover, Ghana has been identified as one of those countries where large numbers are becoming unemployed after completing apprenticeship (Abban and Quarshie 1996; Honny 1999).

However, it is important to note that the emergent young Ghanaian entrepreneurs, identified by Afenyadu (1998b), appear to have moved from education to public training to informal apprenticeship to informal sector wage employment to straddling, and finally to self-employment. This pathway suggests the potential, at least in best case situations, of technological development in the sector coming through a group of apprentices with relatively strong prior basic education and training. It also highlights the complex relationship between different education and training systems and the importance of considering modalities that are complementary to basic education in preparing individuals for sustainable activities (see Chapter Three). In the Ghanaian case, it appears that high level information crucial to high value production in an area such as design does not have to be acquired through wage employment in more formal firms. Rather, through access to international magazines and contact with members of the large Ghanaian diaspora, it seems possible to acquire this knowledge as a micro entrepreneur. Whether globalisation is easing information flows to SMEs more generally remains uncertain.

In Kenya, McCormick (1999) argues that there is still a preponderance of observation and copying in jua kali training. This, she postulates, is adequate for the transmission only of the most basic skills. However, the evidence from King's research in the jua kali sector in Nairobi (King 1999 - presented in Chapter Two) suggests that the relationship with larger firms continues to be quite strong in Kenya. Both business linkages with larger (often East African Asian) firms and entrepreneurial careers that include wage employment in such firms can be expected to contribute to a more favourable pattern of skill development. This is particularly likely to be the case where the technological frontier of SMEs is moving forward significantly, as King postulates for Nairobi. Nonetheless, it is far from apparent from either Ghana or Kenya that their apprenticeship systems are up to all of the challenges of globalisation and learning-led competitiveness. Such concerns mirror those expressed about formal apprenticeship systems globally.

Over recent years, concerns about the scope of such systems have led to a number of attempts to develop an enhanced African apprenticeship system. From the late 1980s, the Nigerian Open Apprenticeship Scheme (NOAS) sought to enhance knowledge levels of apprentices through the provision of theory classes on Saturday mornings and to introduce a new group of apprentices, although with limited success (Adam 1996; King 1996). In Côte d'Ivoire,

Ghana, Kenya and Mali attempts are underway, with donor support, to develop short courses for both masters and trainers, and to lever changes in provider institutions to make them more self-employment focused (Afenyadu 1997a; McGrath 1998b; Carton 1999).

Ghana has seen a number of such interventions. The Intermediate Technology Training Units (ITTUs) aim to inject new skills based on appropriate technology into the training of apprentices and the repertoires of masters through attachments to centres offering training, advice and access to better equipment (Powell 1995b). This model has been extended to all Ghanaian provinces from its original location in Kumasi, although it remains an approach that will only ever reach small numbers.

In association with the Government and the World Bank, the Ghanaian National Association of Garages (GNAG) managed a project aimed at upgrading the skills of masters and apprentices in motor mechanics. GNAG took responsibility for improving apprentice training within its own system but also selected apprentices to undertake a 12 week upgrading course at the Kumasi Technical Institute. The masters' programme had a particular focus on promoting capacity for diversification into profitable new niches. This programme was divided into two parts: technical upgrading at Kumasi Technical Institute, followed by management and entrepreneurship training at the Management Development and Productivity Institute. However, evaluation points to serious mismatches between the programme design and the needs of masters and the failure of the project to address key constraints to successful self-employment for apprentices (Abban and Quarshie 1996).

Some of the concerns noted above with skills transmission within the SME sector have undoubtedly contributed to the emerging focus on intervention projects. When, as in Kenya, the project is worth several million dollars, it is clear that they are highly significant when compared to the financial resources of the SME sector. Their size and their powerful backers mean that it is vital to examine the performance of such projects given the likelihood of further international replication. However, evaluation is made problematic by the current lack of critical evaluation.

Amongst the large projects, the current World Bank projects in Ghana and Kenya are the most pertinent for this study. These have targeted both apprentices and their masters. This resonates with arguments (Grierson and McKenzie 1996; ILO 1998) that suggest that training policy would do better to address the needs of those already established in SME production and who require upgrading of specific skills. This could be addressed through an introduction, for example, to new technologies and new products and is, thus, related to the activities of a number of technology NGOs active in countries such as Kenya and Ghana. These large training projects also illustrate the importance of a targeted approach on key sectors or production chains.

The Ghanaian project, which is closely related to the World Bank's previous experience with GNAG, seeks to upgrade skill of both masters and apprentices through modular training in a series of important trades. This training is designed in conjunction with informal sector associations, provided by existing VTIs and purchased through training vouchers. The project's secondary aim is to upgrade and reorient VTIs and funds are set aside for institutional development, both through staff and equipment upgrading. The project seems to be having some initial success, although it lacks a thorough external evaluation to date (McGrath 1997b; Afenyadu 1997b).

Box 4.2. The Ghana – World Bank Vocational Skills for the Informal Sector Project

This project has three aims:

1) to refocus public and private training on short competency-based modular training for the already employed;
2) to increase informal sector product quality and productivity; and
3) to improve data gathering and analysis of labour market trends.

It also seeks to strengthen Informal Sector Assocations, VTIs and the coordination agency, NACVET. Training is provided in five fields:

- Electrical installation;
- Refrigeration and air conditioning;
- Carpentry and joinery;
- Blockmaking and concreting; and
- Dressmaking and tailoring.

Training lasts between 12 and 24 weeks with block release or day release as agreed by the VTI (either public or private) and the ISA after 24 months in the African apprenticeship system.

Masters' training is designed to link with and strengthen that of apprentices. Masters identified technical, accounting, cost estimating and enterpreneurial skills as their core requirements. This training lasts four weeks. Tools are also made available to masters that would otherwise be difficult to acquire.

ISAs are involved in curriculum development. VTI principals are also seen as important players and there is an infusion of management skills training into VTIs. There is a concern to have a broader influence of the nature of training provision. By including trade associations in the curriculum development process and by identifying the principal rather than the Ministry official as the key curricular actor, the project seeks to encourage greater flexibility within the training system. This makes the system more responsive and attractive.

Sources: Afenyadu (1997b) and McGrath (1997b). (£1=cedi 3 300 in 1997).The Kenyan project grows out of the same concerns. However, it has several divergences from the Ghanaian approach. In practice, the Ghanaian approach is concerned with strengthening existing providers, whether public or private. The Kenyan project, however, appears to have a stronger ideological drive to create new private provision. Less concern is evident, however, regarding systematic support to institutional development. It appears that there is an underlying assumption that the market will take care of this. The political tension around the Kenyan National Federation of Jua Kali Assocations at the time of the project's initial implementation led to a decision to bypass the umbrella body. Moreover, the lack of an equivalent of NACVET means that none of the three key institutional prongs of the Ghanaian approach are as secure in the Kenyan model.

It does not appear to have done very well thus far, in its first phase. A supervisory mission from the Bank judged its progress to be "unsatisfactory" viewed against the agreed benchmarks. In terms of meeting targets, it would appear that against the target of 12 000 vouchers set for 1998, only 4 000 were actually issued, although there has been a considerable amount of subsequent catch up.

There are a number of other potential or actual problems. It is not clear how would-be trainees will know enough about the quality of provision. In a situation of asymmetry of knowledge, a high risk, one-off transaction and a lack of real choice, market failures seem inevitable. Given the high costs relative to likely returns of establishing private training in rural areas or for expensive technical subjects, these areas are likely to be under supplied by new private providers. There are also questions about the adequacy of quality assurance mechanisms, given the weak institutional framework noted above. With the large influx of funds in a short period of time, it is necessary to ask what happens to the sector when the project ends (McGrath 1997a). Here it is important to be mindful of the dangers of interventions in a largely self-reliant sector (Fluitman 1992 and 1994).

Ghana and Kenya, in their different ways, have a developed tradition of African apprenticeship. However, this is not uniformly the case across Africa. Where such traditions are not in place, there may be attractions in trying to develop a short, focused programme that can prepare individuals for self-employment. However, we do not have a clear picture of how far pathways can be compressed without rendering them ineffective. At the heart of the

difficulty here is the crucial role that these pathways play in socialising trainees into craft and geographic communities and the processes whereby trainees gain access to networks that will allow them to operate in business for themselves (Carton 1999). It is far from clear that these can be successfully synthesised.

This is part of the need for caution about interventions in the largely autonomous system of training that has emerged from within the SME sector. As with the case of ISAs, noted in Chapter Two, there are reasons to be cautious about the efficacy of interventions. Whilst the system does have its weaknesses, intervention runs the risk of undermining the system's crucial strength of self-reliance. From the limited evidence available on such interventions, it seems likely that their chances of success are particularly weak if they threaten to undermine the financial sustainability of the training system and fail to engage seriously with the needs of SMEs or to make ISAs (possibly along with local chambers of commerce and industry) partners in programme development, management and evaluation. Given the major differences across Africa in terms of the development of both indigenous apprenticeship systems and ISAs, there is need for considerable care in considering whether interventions of this kind are at all feasible. Development of greater knowledge about the efficacy of such interventions is urgently required.

PROPOSITION 4.4	Indigenous apprenticeship systems have been highly successful sources of skills development. Nonetheless, their ability to develop the appropriate skills that can help individuals and enterprises to access new high value niches and respond to new technologies is open to question. Moreover, they are not universally available across Africa, and lessons from West Africa cannot necessarily even be expected to apply to countries such as Kenya.
PROPOSITION 4.5.	Notwithstanding any questioning of the efficacy of indigenous systems of skills development, it is clear that considerable caution is required about attempts at intervention therein. Tentatively, it can be suggested that success of interventions is most likely when improvements in training are based on the expressed needs of masters and apprentices; where ISAs are intimately involved in programme development, management and evaluation; and where the programme avoids donor-dependence. Interventions may be most likely to succeed where indigenous systems are strongest, as in West Africa.

4.6. SKILLS TRANSFER FROM LARGER FIRMS

Structural adjustment was supposed to benefit the SME sector through skills transfer from larger firms. Jeans (1999) has argued that

> "downsizing" and "retrenchment" from large industry and government has led to a new cadre of entrants to the small enterprise sector who have developed their skills elsewhere. (Jeans 1999:178).

However, others argue that structural adjustment has not led to such an influx of larger firm skills and that many such skills are irrelevant in the contexts faced by SMEs (Muskin 1997; Adam 1999).

The transfer of skills from larger to smaller firms, charted by King in Kenya (1977, 1996 and 1999), appears to still be strong there. However, in West Africa, there is evidence from both Ghana and Nigeria that it may largely be an artefact of past times, although where it does occur it is still a powerful mechanism for skills upgrade (Powell 1995a; Adam 1999). Powell (1995a) also shows in the Ghanaian case how the influx of new skills into SMEs this produced two generations ago has largely been diluted by lack of use over the years and how fewer skills are transmitted at each subsequent point.

A route from wage employment in a larger firm to self-employment in an SME may well bring successful new entrants to the latter sector. Many of the most dynamic SMEs have roots in and continuing connections with larger concerns. This is most likely when key individuals are able to choose to make the move to self-employment, and precede it by a period of straddling both wage and self-employment in which they adapt their existing skills to new contexts and build up the networks necessary for sustainable self-employment. The period of straddling itself remains in need of further analysis in the context of learning-led competitiveness. It is important to note that straddling may not simply be a transitional phase but may be a long-term strategy, both for profit and for survival.

The competitiveness orientation of such movements is strengthened when sub-contracting relationships are functioning well, as a lever for quality control (Grierson and Mead 1999). In some cases, programmes designed around retrenchment packages can lead to sustainable small enterprise creation (Manu 1999). However, such packages require a considerable investment from employers and/or the state and a favourable small enterprise climate.

The transition of workers from large to small firms will continue to be an important source of skills, capital and experience for the SME sector. However, it cannot and will not be the main route for transition to self-employment. For the majority of poor people in Africa, exclusion from formal sector employment is a major element of their reality of poverty. As employment continues to contract in larger firms in either absolute or relative terms, the possibilities of this route will be increasingly remote for the majority of school leavers

PROPOSITION 4.6.	There is mixed evidence about the level of transition of personnel and skills from larger to smaller enterprises. Where it occurs, it seems to be an important source of learning-led competitiveness for small and micro enterprises and is worthy of support. Nonetheless, it is clearly under pressure from the contraction of larger firms across Africa and cannot be more than a partial solution to skill and technology problems of smaller enterprises.

4.7. RETHINKING TRAINING FOR SELF-EMPLOYMENT AND COMPETITIVENESS

Quality training is a necessary element of both economic growth and poverty eradication. It needs to be supported by constructive market - state relationships. However, as with enterprise and education in the previous chapters, training exists in a broader context and economies and enterprises cannot have their competitive problems solved through narrow skills development strategies alone:

> Seeing skills and knowledge and particularly an increase in their supply as the chief point of departure for policies aimed at creating a more competitive and socially successful economy may be looking at the issue through the wrong end of the telescope. Skills and knowledge do not, of themselves, necessarily add value, unless and until they are combined with a number of other critical factors. These include competitive and product market strategies that place a strong emphasis on competition on the basis of quality and customisation rather than price and economies of scale; a marketplace that is willing and able to pay a premium for such goods and services; patterns of work organisation and job design that give opportunities for enhanced skills to be deployed to good effect; and human resource management and employee relations systems that aim at high levels of trust, commitment and motivation (Keep and Mayhew 1998: 11).

It should be remembered that policies for SME skills development require a genuine concern with productivity improvement as well as specific development of skills for self-employment. Improving training for self-employment is given considerable attention in all three countries. However, there is still more work to be done in developing strong national training strategies that effectively support training for both large and small enterprises and promote training through their linkages. Too often, policies have been less important than externally supported projects, which have tended to wither once funding is stopped.

Policies need to do more to empower and encourage public training institutions to rethink their approach to self-employment preparation. Selection remains a key element here, with the argument remaining powerful that programmes for those interested, or already active, in self-employment have a greater likelihood of success than those which seek to reorient students focused on formal sector employment or who are using VTIs as second chance routes to other occupations.

Funding and institutional capacity need to improve if VTIs are to become more responsive to the needs of enterprises of all sizes. Whilst there are a number of good examples, too many

VTIs lack even the most basic information about either where their students are going after training or what the local and national market niches for graduates are. Either through placement of students or the provision of services, such as equipment hire or book-keeping, VTIs have the potential for better mutual understanding with enterprises of all sizes. However, this too is rarely seized. Moreover, bureaucratic rules regarding curricular change often prevent them from adjusting training even when they do identify new opportunities and challenges.

There is reason for caution about the quality of indigenous apprenticeship systems, particularly in the face of the challenge of learning-led competitiveness, which places a premium on training that can help individuals and enterprises to access new high value niches and respond to new technologies. Thought also needs to be directed to whether the presence of apprentices with higher levels of prior education and training and masters with formal sector experience has implications for making apprenticeship more competitiveness-focused and knowledge-rich.

Such apprenticeship systems are not found to the same extent across all African countries. It is also clear that caution is required about the many attempts to intervene in order to upgrade such training where it does exist. Where improvements in training are based on the expressed needs of masters and apprentices; where ISAs are intimately involved in programme development, management and evaluation; where the programme avoids donor-dependence, there may well be better prospects for success. In cases where such indigenous systems are not present or only weakly so, the obstacles to successful intervention may be even more serious.

There appears to be a mixed picture in Africa, and elsewhere, regarding the extent of movement of personnel out of larger and more formal enterprises into the SME sector. Programmes to support such transitions are evident in all three countries, although to varying degrees. Here too, there is potential for exploring a stronger focus on learning-led competitiveness. The growing interest in business linkages also highlights the possibility of inter-firm relationships constructed around such movements of individuals that can highlight learning and enhance competitiveness.

CHAPTER FIVE: LESSONS FROM LEARNING TO COMPETE

5.1. THE NATURE OF THE FINDINGS

This report has focused on the impact of external pressures on African small and micro enterprises and the role that education, training and enterprise development practices and policies can play in responding to those pressures. The focus has been on identifying areas through which enterprises can move forward to new, more competitive positions, thus contributing to economic growth and poverty reduction. In this chapter, we will highlight some of the major issues this research raises.

5.2. THE IMPORTANCE OF LEARNING-LED COMPETITIVENESS

Given the pressing concerns of much of the debate on Africa with poverty, war and famine, it may seem that a focus on learning-led competitiveness is insufficiently grounded in African realities. This is not the case. Whilst it is vital that pressing problems be realistically identified and addressed, it is equally crucial that African countries seek to avoid falling further behind in developmental terms. If African countries do not address the challenges of globalisation carefully then there is every likelihood that they will pay a considerable cost in economic, political and social terms. The small and micro enterprises of Africa are often faced with significant obstacles to their growth and survival at present. Nonetheless, it is important that these are seen as obstacles to be overcome by targeted effort, not barriers to future success.

Globalisation pressures increase the priority for these African enterprises of developing strategies that can maximise their competitiveness. Globalisation also reshapes the nature of competitiveness strategies. In particular, it heightens the importance to enterprises of capturing the benefits of institutional and individual learning. Whilst education and training do not determine enterprise success, it is clear that they can play an important role in such success.

5.3. THE LEARNING ENTERPRISE AND THE OBSTACLES IT FACES

There is evidence, from all three project countries, of SMEs that are highly successful and that are practising learning-led competitiveness strategies. New niches are being exploited, such as in fashion and design in Ghana, low cost capital goods in Kenya and West African clothing in South Africa. In several cases, new processes and technologies can be seen in action. A number of SMEs in each country are engaged in exporting and in supplying products and services to large manufacturers and retailers.

However, part of the reason for qualifying the significance of education and training's impact on enterprise performance relates to the very real obstacles that stand in the way of enterprises that seek to learn to compete. There is evidence from across many parts of Africa that macroeconomic policies have too often disabled rather than enabled enterprises and that macroeconomic trends have a mixed impact on SMEs. High levels of corruption and low

levels of trust also undermine enterprises' ability to grow and, crucially, to network. This is important given the importance of information and technology in shaping positive responses to new challenges. This problem is intensified by weak infrastructure and inadequate capital, which may prevent entrepreneurs from becoming more competitive even where their learning strategies are appropriate. It is misleading, however, to assume that all SMEs are driven by entrepreneurial goals and are actively seeking to find sustainable niches. Programmes predicated on such an assumption run the danger of mis-specifying the challenge of supporting a large number of SMEs.

5.4. LOOKING BEYOND THE INDIVIDUAL FIRM

This report reflects the recent trend in small enterprise development thinking to stress the importance of the relationships between enterprises as well as the internal development of the enterprise itself. This has led this report to consider two major elements of such relationships: business linkages and informal sector associations.

Business linkages come in many forms but have in common the ability, where functioning correctly, to enhance individual enterprise competitiveness and efficiency. This can occur through the sharing of resources, information and custom across enterprises of the same size. Equally, it can be through mechanisms such as sub-contracting that bring together enterprises of differing sizes. The growing understanding of the importance of such relationships has led to a focus on how they can best be supported. This report argues that a crucial element not yet emphasised in this approach is the role of learning in business linkages.

The report also notes the role that informal sector associations are playing in strengthening inter-firm relationships and providing services to their members. Whilst many such associations are still weak, their role in the SME sector is becoming increasingly acknowledged. They may well have considerable potential to coordinate competitive responses to new economic, political and technological challenges and have already become involved in some cases in the development of training programmes to this end. However, it is important to note the fragility of such associations and the need for extreme caution in intervention.

5.5. POLICY SUPPORT FOR SME DEVELOPMENT

In all three project countries, there is considerable lining up of national small enterprise development policies (whether currently in draft or final form) with "international best practice". However, there are concerns about the fit of these policies to national circumstances and aspirations. Moreover, the world of policy makers remains far from that of SMEs and communication and understanding between them is still inadequate. One of the most crucial challenges for policy lies in better stakeholder consultation. If this is achieved, then problems of implementation are also likely to be reduced.

Policies have done much in recent years to address the lack of an enabling environment for SMEs. More enterprise-friendly legal frameworks are developing in each of the project countries. Policies for small enterprise development are becoming better integrated with economic development policies more generally. Major strides have also been made in widening access to credit. Each of these areas will continue to require attention. However, globalisation challenges highlight the need to focus policy more squarely on the promotion of competitiveness. This report has argued that the core of such a focus should include a consideration of how learning can contribute to enterprise competitiveness and growth.

5.6. EDUCATION FOR COMPETITIVENESS

This report has revisited the literature on education's contribution to economic performance. It concludes that education is an important factor in enterprise success, but is not a sufficient condition for such success. There is not enough evidence to justify the assumption that a basic education alone will have a significant impact on individual productivity and enterprise performance. Rather, it seems that higher levels of education will often be necessary and that market conditions will need to be such that educational impacts can accrue to enterprises.

This conclusion leads us to argue that the international commitment to universal primary education (UPE) by 2015 should be better articulated with considerations about the nature of the education provided and its likely use. Where the provision on offer is perceived by parents, students and employers to be delivering improved quality at affordable cost, then it is likely that downward pressures on enrolments can be reversed. At the heart of the quality debate must be a consideration of relevance.

We suggest that education providers' ability to deliver a curriculum for competitiveness is a major element of the UPE challenge, and is the major educational response required to globalisation. Whilst the current resources and performance of African education systems are poor and the focus of UPE primarily has concentrated on enrolment, it is imperative that the curricular debate be continued.

A learning-led competitiveness perspective suggests that a lean curriculum, based around a handful of core subjects, may not be the most appropriate response to the majority of African countries' educational challenges. Whilst this approach seems to allow the most concentrated focus on quality and efficiency, such a narrow curricular focus threatens these countries' prospects for economic competitiveness. Literacy and numeracy will necessarily form part of education's contribution to individual, enterprise and national development. However, education provision needs to build a stronger focus on the other essential elements of knowledge and skills for development and international competitiveness in the context of globalisation.

Such a broader curricular vision has the potential to be an important element of national strategies for both economic development and poverty alleviation. It points to the importance of looking beyond basic education in order to consider the appropriate modalities through which individuals can access an expanded notion of basic learning needs for competitiveness.

5.7. TRAINING AS A RESPONSE TO GLOBALISATION

As with education, training's importance is heightened by globalisation. Globalisation places greater pressure on economies and enterprises to become competitive, and higher levels of skill are seen as being at the core of the necessary response. The imperative towards competitiveness also affects individuals who are expected to become better skilled in order to contribute to the competitiveness drive. The downside of this is that those who lack access to upskilling opportunities are increasingly unlikely to be able to develop sustainable livelihoods based on either wage or self-employment. Thus, lack of skill becomes an important characteristic of poverty. In the light of this, and the highly differentiated nature of access to opportunities for skills development, it is striking that training is absent from the current model of poverty eradication.

Pressure towards international competitiveness and the imperative of poverty eradication have given self-employment a far higher visibility in planning circles in the last decade. This has been reflected in considerable policy attention to training for self-employment, and a wide range of projects directed at this end. From all three project countries, there are examples of new policies and innovative institutional practice and improved outcomes of provision. Nonetheless, the research carried out by the project team suggests that there is still insufficient responsiveness of institutional programmes to demand. Selection of trainees and a focus on labour market outcomes are equally inadequate. In large part, this stems from inadequate consideration at the policy level of issues surrounding training for self-employment, and in particular the relative merits of such training being provided before versus during self-employment.

Globalisation emphasises the importance of responsiveness in a number of ways. One element of this is an increased need for training providers to be able to respond to the needs of students and enterprises. The learning-led competitiveness perspective leads us to emphasise the challenge to providers to focus more sharply on how their training gives their clients a competitive edge. In light of earlier comments about inter-firm cooperation, it is worth considering how training providers can follow the lead of small enterprise development and shift their own focus to better reflect the possibilities to support business linkages. However, responsiveness seems to be undermined in too many cases by funding mechanisms and bureaucratic regulations that encourage inflexibility and non-reactive provision.

5.8. SKILLS DEVELOPMENT WITHIN SMALL AND MICRO ENTERPRISES

The report concurs with the argument that Africa's indigenous apprenticeship systems have been highly successful sources of skills transfer, where they occur. However, the focus on globalisation and competitiveness requires questions to be raised about the ability of such systems to develop the appropriate skills to access new, high value niches and respond to important technological changes. The report also notes the negative effect that adverse economic conditions can have on skills transfer and technological progress within the SME sector. Nonetheless, there is also evidence that certain niches are being developed where the technological frontier is being advanced.

Although there are grounds for caution regarding the ability of indigenous training systems to respond to globalisation, it cannot be assumed that planned interventions in the system are the answer. The evidence for many such interventions to date has been poor. Among the main strengths of the indigenous system are its degree of self-reliance and its ability to self-replicate. At the heart of the difficulties with interventions is their sustainability. Moreover, they can threaten the self-replication of the existing, indigenous system, particularly when they flood the system with donor funds. Nonetheless, there may be a case for continuing to pursue the possibilities of interventions given the existence of concerns about the indigenous systems. It may be that the best chance for success lies in interventions that reflect the expressed needs of masters and apprentices; include informal sector associations (perhaps in conjunction with local chambers of commerce and industry) in a wide range of activities; and combine modest external funding with a realistic strategy for financial sustainability. These suggest even greater difficulties in developing synthetic versions of indigenous apprenticeship in countries where it is absent.

5.9. SKILLS TRANSFER FROM LARGER ENTERPRISES

There appears to be a mixed picture concerning the transfer of skills and personnel from larger to smaller firms. It has been suggested that this process is in decline and that the large scale retrenchments from public service across Africa have not had the anticipated effect on small enterprise development. Nonetheless, there is evidence, most strongly from Kenya, that the transition of workers from larger to smaller firms and from wage to self-employment is continuing. Where this emerges from a purposeful move to take advantage of perceived market opportunities, then it appears to be an important source of learning-led competitiveness for the SME sector. Evidence about the pathways to self-employment of successful entrepreneurs continues to suggest a high road from school to training (often a mixture of formal and informal, crossing enterprise- and institutional- based modalities) and thence to wage employment, before ending in sustainable self-employment. Such a road is a long one, making interventions difficult. It is also a route on which major barriers prevent many from beginning the different stages of the journey. As such, it cannot be the primary route to skills and technological development for small and micro enterprises. It may also be time to consider that straddling between wage and self employment is for many not simply a transitional phase but a core livelihood strategy for both profit and subsistence. Policies and programmes that take explicit account of this current reality may well have a greater chance of success.

5.10. THE CONNECTEDNESS OF THE CHALLENGE

Although we have looked sequentially at enterprises, education and training in this report, it has been our contention throughout that they are in fact interconnected. Moreover, they cannot be seen in isolation from broader issues of development. These insights are at the heart of the notion of learning-led competitiveness. There are signs in all three project countries, and amongst the international agencies who are their partners, of a greater concern about the connectedness of policies and programmes. However, it is clear that this is an area where commitments, as yet, outstrip actions. The challenge of human and institutional development that can facilitate trans-sectoral analysis and action appears to be a crucial one for national and international agencies.

CHAPTER SIX: RECOMMENDATIONS

This report has sought to develop a new account of the relationships between education, training and small enterprise development in the light of the increasing challenges provided by globalisation. It has sought to identify new trends and to point to areas in which existing thinking appears to be out of touch with the new reality. Arising from such an analysis is a series of recommendations that can be offered to national governments and international agencies with either sectoral or overall developmental concerns. As was noted back in Chapter One, and subsequently, national contexts vary significantly and these recommendations require interpretation in the light of such contexts.

6.1. INSERT LEARNING-LED COMPETITIVENESS INTO DEVELOPMENT DEBATES

The overall recommendation of this report is that development policies be reconceptualised in the light of the notion of learning-led competitiveness. This requires that development policies have a sharper focus on the need to improve competitiveness at all levels. It also highlights the need to see learning systems and processes as core to competitiveness strategies. Greater competitiveness can reduce poverty but it is important that any benefits should be enjoyed widely and that obstacles to economic participation be identified and tackled.

6.2. UNDERSTAND THE IMPLICATIONS OF GLOBALISATION BETTER

Whilst globalisation should not be overstressed as a phenomenon, it appears clear that it raises crucial issues and challenges for development in African contexts. It highlights in particular the importance of policy coherence. Sectoral policies of both African governments and development cooperation agencies need to develop clearer analyses of the likely impacts of globalisation and possible responses on sectoral issues. This then needs to inform all elements of development policy, including issues such as the world trade regime and immigration policy.

6.3. ADDRESS THE RANGE OF BARRIERS TO THE DEVELOPMENT OF LEARNING ENTERPRISES

Enterprises need to be helped to learn. This means that the current focus on enabling environments needs to be expanded to include detailed policies concerned with how to overcome other constraints. Examples of these include poor infrastructure, high corruption and low trust. The growing agency and government interest in business development services should include considerable attention to the provision of services that help enterprises to acquire knowledge and skills for competitiveness and that demonstrate to entrepreneurs the advantages of becoming more information-and skills-oriented.

6.4. CONSIDER INTER-ENTERPRISE LINKAGES AND THE ROLE OF LEARNING THEREIN

Inter-enterprise linkages can offer powerful advantages for learning and competitiveness. Governments and agencies should develop mechanisms to promote awareness within enterprises of the possibilities of such linkages and the importance of focusing them on learning-led competitiveness. They should also address the obstacles that limit either the spread or effectiveness of linkages. Caution should be exercised in intervening in the workings of informal sector associations. Nonetheless, there is reason for thinking that these organisations should be encouraged to develop further. Attention needs to be given to the appropriate modalities for such encouragement. This should contain a particular focus on the ability of associations to become involved in programmes of skills and technology upgrade. The role of such associations as stakeholders in the policy process also needs to be emphasised. The relationship between such associations and their formal sector counterparts is in need of further attention.

6.5. PLACE LEARNING-LED COMPETITIVENESS AT THE HEART OF SMALL ENTEPRISE DEVELOPMENT POLICY

Small enterprise development policy needs to be more sharply focused on positive responses to the challenge of globalisation. Policy should be more clearly oriented to making enterprises more competitive, and better at exploiting their own knowledge and skills and those of others around them. Where policies are concerned with particular target groups, it is essential that the ultimate focus of empowering these clients to access sustainable labour market niches is at the heart of any intervention.

6.6. BROADEN THE UPE VISION

A continued policy commitment to universal primary education is important. However, it is necessary to focus this commitment even more clearly on the post-school outcomes that are intended to arise from UPE. This requires that education policies be far stronger in their analysis of economic conditions and the linkages between education and its economic and developmental consequences. The notion of essential learning needs contained in the Declaration of Education for All needs to be kept at the heart of thinking about educational provision. Indeed, it should be developed further to take far better account both of the implications of globalisation and the importance of SMEs and self-employment to future labour market insertion. Such a broadened and deepened vision of essential learning needs will inevitably highlight necessary skills and knowledge for development that cannot be provided in primary schools. It is essential that education policy continues to strengthen its emphasis on a genuinely sector-wide approach. Part of this approach should be a consideration, in the particular national context, of the appropriate mechanisms and collaborations for the provision of all the essential learning needs.

6.7. CONSTRUCT A CURRICULUM FOR COMPETITIVENESS

Education policy reform should pay more attention to the way that the curriculum can promote competitiveness. It is essential that reforms consider carefully the current situation in national education systems but also the challenges for the future brought by forces such as globalisation. National curriculum reform needs to be far more closely related to detailed national strategies for economic development.

6.8. ACKNOWLEDGE TRAINING'S IMPORTANT ROLE IN DEVELOPMENT

Training should not be treated as a marginal element of either educational or industrial policy. In a context of globalisation, it is a core element of strategies for both competitiveness and poverty eradication. This importance should be reflected in the profile given to training in national policies and in the locus of responsibility for training in governmental structures. This is equally the case for international development agencies. Training's role has not been sufficiently acknowledged in either social development or economic development policies at the international level. It is important, therefore, to explore whether there should be cooperation on the development of an agreed target, or targets, for training. Such a focus should be both on the competitiveness and equity dimensions of training provision.

6.9. IMPROVE PUBLIC TRAINING'S ABILITY TO SUPPORT COMPETITIVE SELF-EMPLOYMENT

Training policies need to be clearer about the role of preparation for self-employment as part of the overall policy vision. More detailed analysis is needed of how public and private institutions can better provide necessary skills for self-employment and how this integrates with other policies designed to encourage competitive SMEs. Programmes of training for self-employment must be made more consistent in their concentration on this goal, through selection and provision to outcomes. This includes a revisiting of the relative merits of training prior to and during self-employment. Exploration should be made of the possibilities of connecting training for self-employment with business linkages.

6.10. EMPOWER TRAINING PROVIDERS TO BE MORE MARKET RESPONSIVE

Financial support to training institutions must focus more clearly on facilitating their responsiveness to market needs and the goals of funding should be clear. Improved responsiveness is likely to require an initial investment of resources and is damaged by funding reductions. Greater cost recovery should be linked to better provision of products and services to clients and local communities and must avoid undermining either student access or local enterprises. Mechanisms need to be put in place which ensure that institutions can alter courses to respond quickly to new market needs whilst the national level can still ensure quality and national strategic oversight.

6.11. EXPLORE THE POSSIBILITIES FOR BETTER SKILLS DEVELOPMENT WITHIN THE SME SECTOR

More attention needs to be paid to the ability of indigenous systems of skills development to respond to the challenge of globalisation. Even where the performance of such systems is inadequate, extreme caution should be taken in attempting interventions to improve this performance. The design of such interventions, or the creation of models where no tradition exists, require more investigation through careful piloting. Such an investigation should focus particularly on the sustainability of such interventions, the involvement of all legitimate stakeholders in their construction and delivery and their ability to enhance learning-led competitiveness.

6.12. EMPHASISE SKILLS TRANSFER FROM LARGE TO SMALL FIRMS

It is unlikely that lengthy pathways via wage employment to self-employment can be significantly shortened by interventions. Indeed, the accumulation of capital, skills, experience and networks over a number of years within larger firms is an important endowment brought to self-employment by those who deliberately make the transition. Where intervention can be helpful is in promoting such transitions through encouragement of suitable workers, sensitising employers to the sub-contracting potential and facilitating the transition through support to mentoring. Whilst this is an appropriate area for a small enterprise development programme to support, such a programme should be supported by and inform broader policy and programme development in both training and small enterprise development. Interventions in this area can also benefit from treating straddling across wage and self-employment as more than just a transitional phase.

6.13. DEVELOP HOLISTIC POLICY THINKING

It is crucial in both national departments and international agencies that holistic perspectives be developed actively. Implementation is undermined when sectoral policies either fail to reflect priorities and knowledge from other sectors or are not articulated with overall strategies and priorities. Structures that facilitate networking across portfolios are vital. Staff development must also focus very strongly on the capacity to view policies and programmes in their broader contexts.

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APPENDIX ONE: THE RESEARCH TEAM

Dela Afenyadu is an Integrated Development Consultant. He is a graduate of the University of Cape Coast with ten years of broad but very intensive experience in development work. Within the past ten years, Mr. Afenyadu has worked at village, district, regional and international levels in the education, training, agriculture, small enterprise and health sectors, for government, non governmental and international development and research institutions.

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Kenneth King is Director of the Centre of African Studies and Professor of International and Comparative Education at the University of Edinburgh. He was Director of this project. He has worked for many years, and published widely, on areas concerning the dynamics of the African informal sector, international education and training and the role of international development cooperation agencies.

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APPENDIX TWO: PROJECT PAPERS

1. Learning to Compete- African Education, Training and Small Enterprise Development in the Era of Globalisation: Simon McGrath and Kenneth King

2. The Methodological Challenge of Researching Education, Training and Small Enterprise Development in the Age of Globalisation: Kenneth King and Simon McGrath

3. Reforming South African Technical and Vocational Education and Training: Simon McGrath

4. Policy Coherence in Education, Training and Enterprise Development in South Africa- The Implementation Challenge of New Policies: Kenneth King

5. From Policy to Practice- Education, Training and Self-Employment in Kenya: Simon McGrath

6. Research and Policy Issues in Kenya's Small Scale and Jua Kali Enterprises (SSJKE): Kenneth King

7. Globalising Ghana- Education, Training and Small Enterprise Development: Dela Afenyadu

8. Enterprise Education in South Africa: Kobus Visser

9. From National Project to Sectoral Policies- Examining Ghana's 2020 Vision: Simon McGrath

10. Ghanaian Policy Responses to International Pressures: Dela Afenyadu

11. The Widening Gap between Theory and Practice in Education in Kenya, 1985-1997: Henry Oketch

12. The Gauteng Manufacturing SME Economy- Present Status and Future Prospects: Christian Rogerson

13. Rethinking Small Enterprise Development- Between Poverty and Growth: Kenneth King and Simon McGrath

14. Further Education and Training in South Africa- The Acid Test for Integration: Simon McGrath

15. The Export and Growth Potential of Small and Medium-Sized Enterprises in the South African Clothing Industry: Kobus Visser

16. Changes in Practice and Students' Aspirations in the Era of Globalisation: Dela Afenyadu

17. Education, Technical Training and Enterprise: Henry Oketch and Abaga Aggrey Otieno

18. No Easy Walk to Industrialisation- Reflections on Reforms of Kenyan Education and Training: Simon McGrath

19. The Influence of Schooling on Career Plans and Ambitions among Graduates of the Kenyan School System: Wanjala Kerre and Henry Oketch

20. Post-adjustment Innovations in Vocational and Technical Education in Kenya: Henry Oketch

21. The Formation of Small-scale Entrepreneurs in Ghana: Dela Afenyadu

22. Learning to Compete- Ghana Synthesis: Dela Afenyadu

23. Learning to Compete- Lessons from the Field: Kenneth King and Simon McGrath

24. Subcontracting and Outsourcing between Large and Small Enterprise- Establishing Business Linkages: Kobus Visser

25. Learning in Small Enterprises- Reflections from South Africa: Kobus Visser

26. Successful SMEs in South Africa- the Case of Clothing Producers in the Witwatersrand: Christian Rogerson

27. Education, Training and Small Enterprise in Kenya: Henry Oketch

28. The Vocational School Fallacy Revisited: Education, Aspiration and Work in Ghana, 1959-1999: Kenneth King and Chris Martin

29. Africa's Informal Economies 30 years on: Kenneth King

Note: Project papers are available on request from Dr Simon McGrath, Centre of African Studies, University of Edinburgh, 7 Buccleuch Place, Edinburgh, EH8 9LW, Scotland

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They are also available on the project website at: http://www.ed.ac.uk/~simba/PETE.html

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